

THE TIMES

Europa: Africa
torn between
East and West

Dollar weakness helps UK reserves to reach record level

weaker dollar, demand from overseas for British Petroleum shares and a large loan for the British National Oil Corporation helped to increase the United Kingdom's official reserves by \$1,671m in June. They stood at a record level of \$11,572m. This means that Britain's reserves have almost trebled since the low point reached in December last year.

Sterling boosted by BP sale

Caroline Asherson
Britain's official reserves by \$1,671m (about £970m) month, to reach a new record level of \$11,572m. The weaker dollar, demand for British Petroleum shares, and a large loan for the British National Oil Corporation (BNOC) were main reasons for the rise. The BNOC loan of \$750m to the reserves was announced yesterday. Other public sector borrowing by the National Coal and the National Water Board contributed \$40m, while the sale of a long-term loan to the reserves of \$100m, the special factors apart, was an underlying inflow of \$891m. The previous month, when came under some heavy pressure, there was an inflow of slightly more than \$1,000m. A significant part of the inflow, across the exchange rate, was the sale of BP shares. Demand for the shares was mainly New York. A large number of overseas investors, some of them in the United States, had bought the shares. Some of this is the result of a large number of overseas investors, some of them in the United States, had bought the shares. Some of this is the result of a large number of overseas investors, some of them in the United States, had bought the shares.

Postmen told union is at risk over Grunwick

By Craig Seton
Postal workers at the Cricklewood sorting office in north-west London will meet this morning to decide whether to end their blacking of mail from the Grunwick film processing company. The men are now under intense pressure from their union and from the Post Office to call off their action. After a decision yesterday by the London district council of the Union of Post Office Workers to withdraw support for the Cricklewood men's action, the Post Office issued a ultimatum to the union's general secretary, until 12.30 pm today to persuade his members to end the blacking. The Post Office made it clear that, after the deadline runs out, there will be no question of any further delay in suspending post office workers without pay if they continue to black the Grunwick mail.



Guests enjoying a garden party on the lawns of Lincoln's Inn, London, yesterday at the start of the campaign for the return of Temple Bar to the City of London.

Mine leaders confident of holding phase two

From Paul Routledge
Labour Editor
Tynemouth
Miners' leaders yesterday spent only three minutes deciding their attitude towards wage restraint and agreed on a token recognition of militancy that is unlikely to result in strikes for higher pay. By 13 to 10 the executive of the National Union of Mineworkers, meeting in Tynemouth, agreed to oppose a left-wing composite motion from Scotland, South Wales and Yorkshire miners demanding that the union should not be saddled with a claim designed to breach the TUC's 12-month rule. The outcome of the political manoeuvring over wages policy cannot be wholly satisfactory for Mr Joseph Gormley, the miners' president, but it has certainly fallen far short of the demands of the militants. He said last night that the pay debate will carry a resolution that to many people will appear militantly worded, but the Nottinghamshire argument seeking to achieve a higher pay will relieve miners' negotiators from the deadline mentality of the left. "With the votes lined up as they are, the £135 claim will be achieved," he said.

Dr Kaunda supports Rhodesia violence

From Nicholas Ashford
Lilongwe, July 4
An independent Rhodesia could be born only out of the barrel of a gun, President Kaunda of Zambia declared today in an address to the summit meeting of the organization of African Unity. Speaking behind closed doors on the third day of the four-day meeting, he urged African states to increase their support to the Patriotic Front, but stopped short of calling for an exclusive support. He is the only "front line" President attending the Lilongwe summit. "We must recognize that the armed struggle is the principal means of struggle and the best instrument for the liberation of the people of Zimbabwe," he said. He made no direct reference to the present Anglo-American initiative on Rhodesia but criticized Western industrialized nations for their failure to take effective actions against white domination in Rhodesia, Namibia (South-West Africa) and South Africa. President Kaunda rejected allegations made by, among others, the nationalist groups in Rhodesia headed by Bishop Abel Muzorewa and the Rev



Tommy Docherty arriving at Old Trafford yesterday.

Tommy Docherty dismissed

Tommy Docherty, of Manchester United, has been dismissed by the club's directors. The decision was announced yesterday. Mr Docherty had been suspended from duty for a period of time. The club's directors have decided to dismiss him. The decision was announced yesterday. Mr Docherty had been suspended from duty for a period of time. The club's directors have decided to dismiss him. The decision was announced yesterday. Mr Docherty had been suspended from duty for a period of time. The club's directors have decided to dismiss him.

Train fares will not rise again this year

By Michael Horsnell
Train fares will not be increased again this year, British Rail announced yesterday amid growing optimism about the future of the industry. An important factor which helped British Rail to reach its decision was a 7 per cent increase in the use of Inter-City services during the past year. Further good news for commuters who have had to pay an increase this year—12½ per cent in January—is that the decision to peg prices until the end of the year will not necessarily mean an increase early next year. Mr Peter Parker, chairman of British Rail, said: "In the light of the mid-year review of our current resources, we believe we are on target to fulfil our contract with the Government without having to increase passenger fares in the autumn. "Rail travel is increasingly being regarded by our customers as good value for money. We hope this new measure of price stability will encourage all our passengers to increase their business with us and help to bring back potential rail travellers: will now find the attractions of British Rail that much stronger." Commuters had to pay three separate increases in 1975: amounting to 51 per cent, followed by a 12½ per cent increase last year before this year's rise in January. The rises were an attempt by British Rail to recover ground lost in 1974 when high inflation was combined with a government order not to raise fares. Despite losing £15m from its government grant this year, British Rail is on target to cover the £300m deficit on its passenger services. A British Rail official said: "Our critics said we should be holding fares in order to encourage greater use of the railways, but they overlooked the fact that we were not in a commercial position to do what was right. If people had addressed this criticism to the Government they may have been right. As things stand now, we are on the right course. This is a very encouraging trend." He added: "The decision to hold prices to the end of the year does not necessarily mean fares will go up on January 1, 1978." The British Rail decision comes after speculation at the weekend that, as part of a deal over the proposed railway restructuring, nationalized industry prices might not be increased.

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Tories join Nationalists in pay vote

A motion by the Scottish and Welsh nationalists to halve the Westminster's salary was backed by the Opposition in the Commons last night. But the Conservative spokesman, Mr Edward Taylor, MP for Glasgow, said that the nationalists' motion did not mean support for their economic policies. Mr Taylor said that the Prime Minister's salary would already have been hit hard by inflation; but real living standards, for the average family, had gone down over the entire period of Labour government. He added: "I'm afraid the Prime Minister has just been stumbling along, hoping his economic sins will be washed away in a flood of oil."

Deal on school meal prices planned

By Our Political Correspondent
The Government's plan to increase the price of school meals from 15p to 25p, with effect from September, has been dropped as part of a bargain with the trade unions on the next stage of incomes policy. In government quarters it was indicated yesterday that that is one of several concessions which Mr Healey, the Chancellor, is willing to discuss with union leaders in the coming weeks. It might be the first concession to be announced, probably next week. Others are expected to concern school meals, which are to be nationalized industries, where curbs would involve higher subsidies from the Exchequer, thus reversing the recent trend, and a tightening of general price controls. Some tax relief could be included in government amendments when the Finance Bill reaches its report stage later this month, and nothing in the nature of a Budget adjustment is expected. It seems unlikely that the Government will seek to reverse the defeat it suffered in committee on the Bill, when by adjustment of personal allowances £450m was clipped off the tax bill. The proposal to increase school meals was already run into serious opposition from Labour backbenchers. Mr Foot, Leader of the House, took note of the strength of feeling when he replied to questions in the House last week. Nearly 150 Labour MPs have signed a motion, tabled by Mr Thomas Fendry MP for Stalybridge and Hyde, stating their belief that the proposed increase would "undermine the value of the child benefit scheme, will cause hardship for the families of working people at a time of high inflation, will undermine the school meals service, and cause further job losses." In addition the MPs say, the increase would "damage the nutritional intake of children."

Mrs Thatcher restates Tory ideals

Mrs Thatcher, in a restatement of the Conservative philosophy, said last night that the ability to choose how and what to eat was the most important single factor underlying both the economic and moral welfare of Britain. It was, she added, the issue that most clearly distinguished the Conservatives, the party of church and state, from the socialists, Marxists and their fellow travellers. Page 2

Mr Silkin's 'no' vote

Mr Silkin, Minister of Agriculture, said he would vote against the Government's Bill on direct elections to the European Parliament. One of his main tasks, he added later, was to break the log-jam of common agricultural policy prices. Page 3

Massacre threat in squares of Rome

Urban guerrillas have threatened to carry out massacres in three squares of Rome, usually thronged with tourists at this time of year, if two women guerrillas are not released from jail by Friday. They are angered by the death of one of their leaders, Antonio Muscio, killed in a gun-battle with Rome police. Page 5

Eire accused

Proceedings against the Dublin Government will open this week before the European Commission for Human Rights in Strasbourg. The case is being brought by a Jewish separation from her husband after she had accused him of repeated assaults. Page 2

Blasphemous libel trial over poem

The first trial concerning blasphemous libel since 1921 opened at the Central Criminal Court yesterday. Guy New and Mr Denis Lemon, the editor, have pleaded not guilty to publishing a blasphemous libel concerning the Christian religion, vilifying Christ in his life and crucifixion. The prosecution was originally instigated privately by Mrs Mary Whitehouse. Page 2

Teachers end strike

Oxford teachers agreed to call off their strike after Mrs Williams, Secretary of State for Education, decided to intervene. The strike, which has closed 29 of the city's schools, was in protest against education cuts. Page 2

New faces in Suarez Cabinet

From Harry Beltrius
Madrid, July 4
There are new faces and administrative changes in Spain's post-election Government, which is to be sworn in here tomorrow. The revamped Cabinet, the third under the monarchy and the second led by Señor Suarez, the Prime Minister, has three deputy Prime Ministers in place of the two in the previous Government and it combines the three armed forces ministries into a single defence portfolio. It transfers tourism to Commerce, doing away with the former Ministry of Information and Tourism as well as creating some entirely new ministries, such as that of Transport and Communications, which takes over some departments from the Interior Ministry. It also combines the Ministries of Public Works and Housing into one and creates the new Ministry of Culture and Welfare, which assumes some of the functions of the old Ministry of Information and Tourism. A Ministry of Health and Social Security has been established for the first time, and two other ministries, one for relations with the Cortes (Parliament), and the other for regional affairs, have been set up. Among the surprises was the elevation of Señor Fernando Abril Martorell, a former Agriculture Minister, Deputy Prime Minister for political affairs. Another was the absence of Señor Leopoldo Calvo Sotelo, the number two man in the Centre Democratic Union who forged the coalition which became the biggest single party in last month's general election. Señor Calvo Sotelo was Minister of Public Work until he resigned just before the electoral campaign got under way. Cabinet list, and Soviet agent, page 5

Record high jump

Vladimir Yashenko, aged 18, regained the men's world high jump record for the Soviet Union when he reached 7ft 7½in at a junior international athletics match against the United States at Richmond, Virginia. The previous record was 7ft 7½in by Dwight Stones of the United States. Page 12

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HOME NEWS

Men doctors dubious of women in profession

By John Roper
Health Services Correspondent

There is only a limited acceptance by the medical profession of the increased number of women doctors, a survey published in *The Journal of the Royal College of General Practitioners* says. The intake of female students to medical schools is now approaching 50 per cent.

A questionnaire sent to a random sample of 350 doctors revealed that men were working part time, 30 per cent were in general practice and a fifth in other posts.

Married women working full time had to juggle hospital practice, a general hospital consultants and 40 per cent in other posts.

Fewer than half the women respondents were in full-time work. The survey was carried out by the Royal College of General Practitioners.

Women doctors' main complaints were the difficulty of getting domestic help and lack of facilities at work.

A few men complained of the unreliability of their women colleagues in fulfilling work commitments during reproductive years and that some women expected special terms of employment to fit in with family life.

In most women believed that their sex should not be used as an excuse for not meeting the demands of their profession. The training of more women in medical work was questioned on economic grounds, especially as only have responsibility away from them, women tended to fill jobs which might not be cost-effective: for example, baby clinics and cervical cytology clinics.

The authors argue that a change of attitude is needed so that the women's role in medicine is not seen as a "female" job. Reorganization of more popular jobs would attract doctors unable to give a total commitment to a full-time job. Some of the work could be covered by part-time or three women working part time as a team, the survey suggested.

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Farm minister to vote against Europe Bill

From Hugh Clayton
Agricultural Correspondent
Stoneleigh

Mr. Silkin, Minister of Agriculture, Fisheries and Food, said yesterday that he would vote in the Commons against the Bill about direct elections to the European Parliament. He told reporters at the Royal Show at Stoneleigh, Warwickshire, that his conscience would be clear.

Asked about the effect of his action, he said with a smile: "Those in favour of the Bill will have one less vote."

Mr. Silkin, who calls himself "an unrepentant anti-European", was speaking after hearing Sir Henry Plumb, president of the National Farmers' Union, refer to "vociferous critics who refuse to accept the result of the Common Market referendum."

The Minister said that one of his main tasks was to "break the log-jam of common agricultural policy." He rejected the view held by Brussels that Britain should not try to increase national self-sufficiency in food.

Mr. Silkin wanted detailed examination in the Cabinet and among EEC farm ministers of the impact of Community farm policy. He called for a real attempt to look the common agricultural policy right in the face.

He hoped to issue a new version of the White Paper, *Food From Our Own Resources* early next year. That would show how the Government wanted home food output to increase irrespective of demand from Brussels that British food needs should be considered in the context of EEC supplies as a whole.

Sir Henry Plumb said when he opened the show that the common agricultural policy "although not perfect, is perhaps at the moment the most vital element in the Community. Unlike the critics, we are seeking to improve the policy through active and sincere participation."

Sir Henry, whose family farm is near the show ground, said that farmers would help to put import bills. "North Sea oil is no permanent solution, unlike our land, which is a renewable resource."

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Mr Stevas criticizes mixed ability teaching

By Diana Geddes
Education Correspondent

It is the indiscriminate use of mixed ability teaching, not comprehensive schools as such, that has caused the decline in educational standards, Mr Norman St John-Stevas, opposition spokesman on education, said yesterday.

Conservatives wanted to make comprehensive schools work, he told a meeting of the Welwyn and Hatfield Conservative Association. It was easy to make comprehensive schools a bogey on which all current educational ills could be blamed.

He said: "I totally reject that approach. Instead we must look rather more closely at the scapegoat and single out what has gone wrong. The blame in many cases rests on the indiscriminate use of mixed ability teaching."

He did not condemn mixed ability teaching in every case. Indeed it might well be necessary in the first year of secondary schooling, when schools were coping with an intake from widely varying primary schools.

But mixed ability teaching was like the little girl with the curl in the middle of her forehead: when it was good, it was very, very good; but when it was bad it was horrid.

It was nonsense to say, as some of the so-called progressives did, that all teachers should reach all children in exactly the same way at exactly the same time, whatever their skills and aptitudes.

The result in most cases was the exact opposite of progress: the clever child became bored and lapsed into laziness or mischief-making, while the less bright child got lost and might abandon all hope.

With a good teacher and a highly motivated class, mixed ability teaching could work wonders, combined with a mediocre teacher and a poorly motivated class, it was an obvious recipe for disaster," he said.

Man in the news: Sir Arthur Peterson, realist on frontier of law and liberty

Retiring Home Office head sure we can adapt

By Peter Hennessy

The job of Permanent Secretary to the Home Office is one of the least enviable in Whitehall. The frontier he must patrol between law and order and the liberty of the individual is riddled with hidden pitfalls.

The post has been held for the past four years and a half by Sir Arthur Peterson, a large, genial, unflappable, pipe-smoking Scot, who retired last week. His equable temperament, allied to the tradition of high public service he inherited from his father, a member of the Indian Civil Service, which once absorbed so many of Britain's best and brightest, won him respect and affectionate regard from his fellow permanent secretaries.

After studying classics at Oxford, where he did a bit of acting in experimental theatre, he entered the Home Office as an assistant principal in 1933. His first years in Whitehall were spent in various departments, including the Home Office, where he was in charge of the fire brigades with water pumps.

Unfit for active service through poor eyesight, Sir Arthur spent the war in the Ministry of Home Security, serving its minister, Herbert Morrison ("very energetic, enormous courage," he recalls), in his private office. He has been fortunate in the men he served as private secretary. Sir Arthur admired the old-style radicalism of Chester Ede and relished watching the fascinating, complicated piece of



Sir Arthur Peterson: Unflappable tradition.

mental machinery Lord Butler of Saffron Walden brought to bear on the conduct of public affairs.

More than four-fifths of Home Office work is directly concerned with law and order in the shape of the criminal law, the police, the prisons and the probation service. The rest comprises an odd mixture of subjects that fall through the net of other departments.

In the 1950s, after a spell as secretary to the Royal Commission on Gambling, Sir Arthur led E division, which mopped up most of them up. A veritable Pooh-Bah, he handled obscenity, explosives, gambling, cremation,

wild birds, and Welsh affairs as well as preparing a Bill regulating the import of horror comics.

Sir Arthur's placidity becomes ever so slightly ruffled when the old canard of the Home Office as a bastion of black reaction is brought to his attention. Although the austere spirit of Sir John Anderson, who had the unique distinction of being both Civil Service head and the political chief of the department at different stages during a long career, lives on, it is simply not true, he says. Consider the example of Sir Alexander Maxwell, permanent secretary from 1938 to 1948, who was "a very thoughtful, liberal-minded man."

This reputation the Home Office has of being a barrier to progress is misconceived. Take prisons, the Prison Commission was making progress towards a liberalization of the regime at a time when nobody else cared tuppence for it.

Sir Arthur spent several years working in the penal field and found the experience invaluable when he later filled the top job at the Home Office: "You had to learn to cope. We were always having crises of one sort or another."

After his time at the Prison Commission came two surprising breaks in his career. In 1964 Sir Arthur went to the fledgling Department of Economic Affairs, whose demise he greatly regretted five years later, to set up regional economic planning.

In 1968 he applied for and was offered the post of Director General and Clerk to the Greater London Council. At County Hall he introduced five-year rolling programmes for expenditure on the Whitehall model and tackled the authority's problem, the reverse of that bedeviling the Civil Service, of having too high a proportion of specialists and insufficient general administrators.

Lord Armstrong of Sandhurst, then Head of the Home Civil Service, brought him back to the Home Office in 1972. In spite of the increasingly difficult climate in which law and order has to be maintained, the present difficulties between the Government and the police, the condition of the prisons and the general lack of money, Sir Arthur remains confident the institutions and individuals concerned can adapt to change.

It is hardly surprising, given his experience and temperament, that he shows not a trace of millenarianism in his interpretation of the past and his view of the future.

Sir Arthur's own future is bound up with the tranquility of a country public house in Lincolnshire, a fine Georgian building which he helps his wife to run. In the unlikely event of its peace being shattered by a rowdy member of the criminal classes on the other side of the bar, Sir Arthur should know how to deal with him.

Tory unease at top civil servants joining TUC

By a Staff Reporter

Private unease among senior Conservative politicians at the prospect of the Association of First Division Civil Servants, which represents senior officials in Whitehall, affiliating to the TUC was reflected yesterday in the reaction of Mr Prior, opposition spokesman on employment in a ballot of the association's membership 56.8 per cent endorsed a link with the TUC.

Mr Prior said: "It is a matter entirely for them. But in view of the closeness of the result, I hope they will proceed cautiously."

The result showed 42.5 per cent opposed after a poll in which 79 per cent of those entitled to vote took part.

Before the ballot was organized, Mr Prior stated publicly that the Shadow Cabinet had no objection to an association joining the TUC. He accepted that such a move would not

diminish the political neutrality of the higher officials of the Civil Service.

But privately senior Tories wish the association had not sought TUC membership at all. After the executive committee's decision, Conservatives would have preferred a requirement of a two-thirds majority in favour, rather than a straight majority in the subsequent ballot.

Reaction at the highest levels in Whitehall yesterday was far

from alarmist in spite of Tory caveats. Only a few resignations were expected.

But Mr Prior's original public assurance was seen as removing any possibility of difficulty under a Conservative government.

Mr Prior's initial statement would be "flung in the face" of any future Conservative minister who expressed objections, according to a particularly blunt senior civil servant yesterday.

Annan plea for highest broadcasting standards

Department of Science, in its committee

to appoint pupil Gary Kenneth Costing as the age of 18 wards reporter.

Lord Annan yesterday asked that there be a clarification of the legal powers of the age of 18 with enabling them to

Do not let anyone tell you, said, in the third and last of the Granada Guildhall lectures, that broadcasting is too important to be left to the broadcasters. Skilled, broad-based alone can give the public a consistently good service.

Lord Annan chaired the committee whose report in March in motion a great debate on the future of broadcasting. He is a local tech to replying to critics.

Mr Fraser, Minister of the Consumer Protection, said that the consumer protection Bill would also be a consumer protection Bill.

Part of the BBC's bureaucratic troubles, Lord Annan had come about as the rule of running two channels.

Mr Brian Young, he said, had in severe about the report: more trenchant, searching, effective criticism had yet been delivered. To Sir Brian,

the issue was plain. The IBA system of consultation with the companies in the earliest stages of programme production, and disclosure of what they were up to, indicated to the IBA, when all was not well, when a programme should be rescheduled or not transmitted at all.

When Sir Brian had asked, could be more in the spirit of the report? By criticizing the IBA for being over-solicitous, and worse, suggesting that an open broadcasting authority would have a different level of tolerance, the committee had been double-faced and only too ready to encourage just that situation that they had criticized the BBC for creating over.

Yesterday's Men.

Lord Annan said: "To this I answer that as a committee we were disposed to regard the companies as having come of age and of a disposition to educate and discipline their own producers."

He defined the report as "not a work of research, nor a book, nor a meditation on the works of the blessed Marshall McLuhan. We were not set up to provide jobs for the boys, that shadowy guerrilla force which operates on the fringes of broadcasting, in higher education, or in research units, or in international bodies."

They seemed, he said, to regard the broadcasting organizations as bodies who should be subservient to their slightest whim in providing pabulum for research, all, of course, justified under the slogan of more stringent accountability.

decline in manufacturing in recent years had been steep, other sectors had expanded at a time of recession. It was impossible to claim that there was unemployment were a true indicator of the loss of jobs and people.

Lord Vaizey, Professor of Economics at Brunel University, said that central government policies designed to protect the jobs and ensure the welfare of employees in large organizations were almost always inimical to the development of small firms.

"Surely it should be a matter for urgent national action to restore, and in many cases to create, incentives for the small firm," he continued.

This ranges from relatively simple procedures such as raising the initial turnover registration value for VAT, to substantial reexamination of employment protection legislation and of social security legislation.

Town planning needed to be stood on its head. It was amazing that there was such widespread unemployment among school-leavers while it was inordinately difficult to get, say, cars or domestic appliances repaired. There must be many young men and women who would be glad of a small workshop where they could do such work.

For many years the inner areas of London, with a few exceptions, had been made almost unattractive for the higher-paid artisan, or the lower middle-level executive. The creation of suitable housing near their work was essential for the middle-income Londoner.

High fares as incentive to move back into London

John Young

very attractive should be an of the rising cost of coming to encourage people to move back into London. Professor Christopher Foster, of the Centre of Environmental Studies, told a conference in London yesterday.

Recent land must be brought into productive use. Commercial properties should be like domestic buildings every encouragement given smaller businesses.

The two-day conference, called by the Forward Trust, was opened by the Duke of Edinburgh, who said there general agreement about need to revive the capital's economy.

Professor Foster said the first step was the removal of the land which appeared to be secular to Britain and the States. European cities had far more successful in using blight and dereliction.

His conclusion must be that urban and politicians had to sterilize large tracts of land by holding on to them too long.

A second difficulty was the use of social and economic incentives among certain sections of the population.

en so, London was in a far position than most world to bear those financial and the British system, local government financial make it impossible for the on to face the same dilemmas as these confronting York.

Indisputably there was the future employment. Although the

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HOME NEWS

Ministers state price of popular social security demands

By Pat Healy
Social Services Correspondent

An experiment in open government takes place today when the two Cabinet ministers responsible for social security discuss spending priorities with more than a hundred guests at a one-day seminar in London.

Mr. Ennals, Secretary of State for Social Services, and Mr. Orme, Minister for Social Security, are providing a background paper which states the costs of many of the most popularly advocated reforms.

The guests, who include politicians, welfare rights experts, pressure groups, educationists and consumer groups, will be asked to discuss the direction social security should take during the next 10 to 15 years. Mr. Orme says the Government will listen to all suggestions, but the real difficulty is that each claim by a specific interest group competes with another, and all believe they must have top priority.

The disabled lobby, for example, has been arguing for a comprehensive disability scheme for more than a decade. In spite of various new benefits introduced since 1970, the background paper shows that it would now cost about £2,000m a year to implement a scheme giving all disabled people similar benefits to those paid to the industrially disabled.

The one-parent family lobby wants a special social security benefit as advocated by the *Finer* report three years ago. That would cost £500m, if the *Finer* proposal was implemented without a means test, or £350m if similar benefits to the widowed mother's allowance were paid to all one-parent families.

The background paper makes clear that several useful reforms are possible at relatively little cost when the total social security budget is now running at £11,200m or about a tenth of the gross national product. It would cost an extra £55m a year, net of savings on supplementary benefit, to extend unemployment benefit from one year to 18 months, or £80m a year to make it an open-ended benefit.

That move would be helpful because the latest figures given in the paper show that in February, 1977, only 45 per cent of the unemployed were receiving unemployment benefit. In January more than a fifth of the unemployed had been out of work for more than a year, with a sharp rise in the proportion of younger men.

At present unemployed people do not qualify for the higher long-term rates of supplementary benefit paid after two years to other people of working age. To allow them to

have the long-term rate would cost £17m more a year, or £35m if they qualified after one year instead of two.

Significant reforms to the price of accepting the TUC call for pensions equal to half the average wage for married couples and a third for single persons, or of equalizing pension ages. The TUC targets would mean pensions for November of £23 for a single person and £35 for a married couple, instead of £17.50 and £28. The extra cost would be £2,000m, or £3,000m if similar increases were paid on all other benefits.

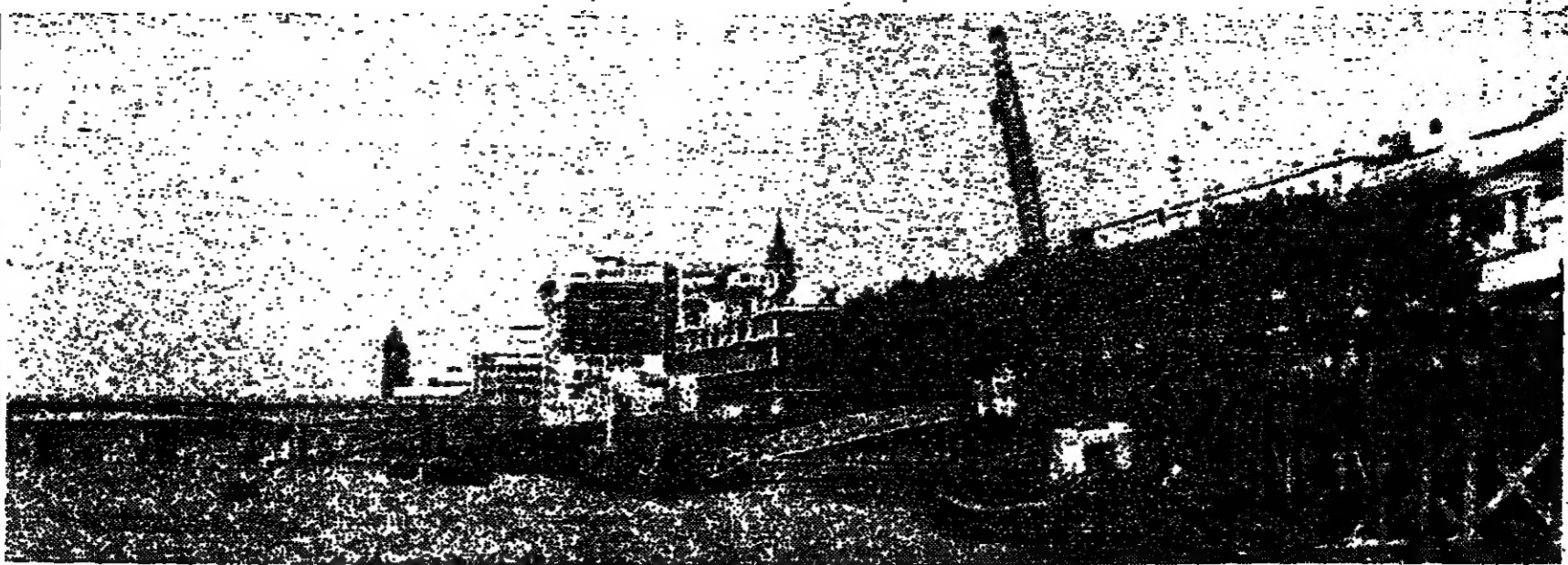
A pensionable age of 60 for men and women would cost an extra £2,000m a year, and retirement for both at 63 would cost £680m a year. Since pensions already take up more than two thirds of the total social security budget, and spending on retirement pensions is expected to increase by a fifth by the end of the century, neither of these reforms is likely to have high priority.

The earnings rule for pensioners could be abolished at a cost of £150m, and reintroducing the £10 Christmas bonus would cost £100m. Help for the growing number of older pensioners could also be achieved relatively cheaply: the present age addition of 25p a week paid to the over 80s could be extended to the over 75s at a cost of £20m.

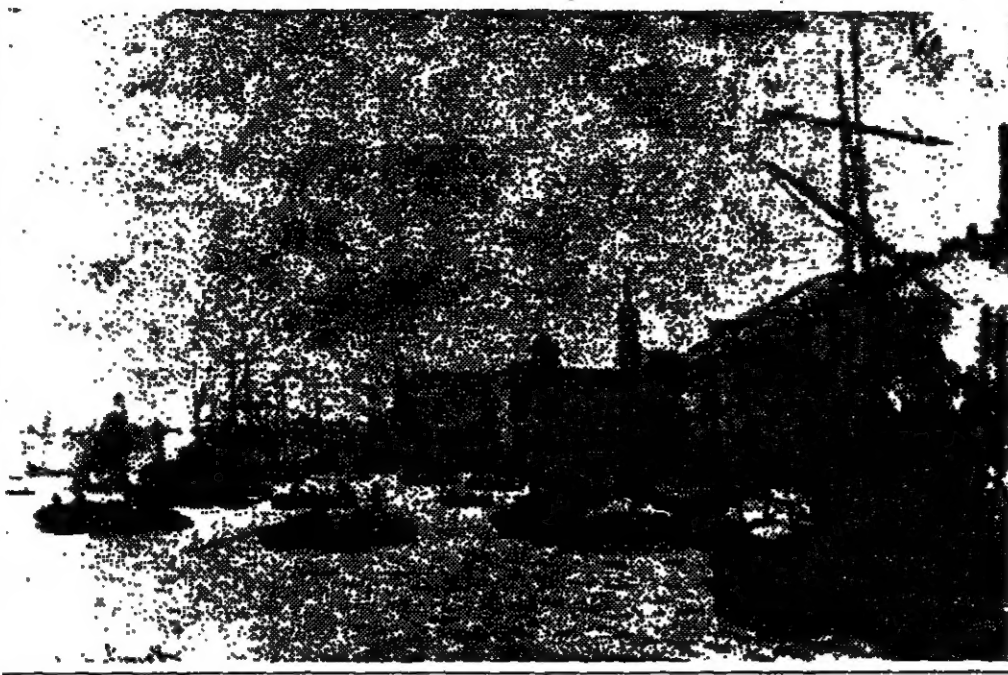
Minor reforms for disabled people could also be achieved relatively cheaply. It would cost an extra £27m a year to raise the mobility allowance from the £7 to be introduced in November to £10 a week. It would cost another £20m to raise the non-contributory invalidity pension, paid to disabled people who have never worked to the basic level of the equivalent national insurance benefit. To pay the invalidity care allowance, for people who give up work to care for disabled relatives, to wages as well as other relatives would cost £35m a year, but there would be savings on other benefits.

Better family support would be very expensive. To abolish the family income supplement paid to low-paid wage-earners with children would cost £5,000m, because it would have to be accompanied by child benefits of £8.50 a week. To pay the same child benefit for all children at £1.50 a week would cost £100m, and every extra £1 on child benefit costs about £100m.

Noticeably absent from the background paper are any costs of a tax-credit system, taxing short-term benefits or moves to reduce the large surpluses in the national insurance fund. The Government does not advocate any of them and feels that their inclusion would turn a potentially constructive seminar into a party political battle.



"London and the Thames": as they are today (above) and as seen by Monet in "Pool of London", on view at Somerset House from Thursday, with 113 other paintings, spanning three centuries.



Points about even at Windscale inquiry

From Pearce Wright
Science Editor

Whitehaven

The latest round in the dispute between British Nuclear Fuels Ltd and the objectors to its plans to build a new £600m nuclear fuel reprocessing plant at Windscale, Cumbria, ended with a fairly even-looking score at the adjournment of the public inquiry yesterday.

The argument in recent hearings has turned on whether BNF could cope during the next 10 to 15 years with the modest amount of spent oxide fuels beginning to emerge from the second-generation Advanced Gas-Cooled Reactors operated by the Central Electricity Generating Board in Britain, with our having to build a great new plant to take nuclear waste from Japan and other countries.

Existing first-generation

Magnox nuclear reactors in Britain use a natural uranium metal fuel that is already reprocessed at Windscale. The new generation of reactors burn an oxide fuel made from enriched uranium, in order to yield four to five times more energy per tonne.

Because Magnox fuel elements can corrode, even objects to BNF's plans agree that reprocessing should take place after a year of cooling. The canisters surrounding the fuel elements are stripped, and the uranium is dissolved to be fed into a chemical separation plant known as B205.

To gain experience in reprocessing oxide wastes, British Nuclear Fuels built a plant known as Head End to strip canisters from oxide elements, dissolving the remaining fuel and feeding it also through B205 for chemical separation of

reusable uranium, plutonium and long-lived active wastes.

The present argument rests on the permutation for using these three plants to clear the spent nuclear fuel arising during the next few years from both types of British power stations. Discussions are complicated immediately because there is a backlog of Magnox fuel as a result of reprocessing troubles caused by excessive corrosion of fuel.

The experimental Head End plant has not worked since 1973 after an accident in which radioactive material was released.

Mr John Doran, deputy general manager, Windscale, accepted during cross-examination that with modifications costing about £5m, Head End

could reprocess 350 tonnes of British oxide fuel expected 'up to 1980.

After that, a greater amount of Magnox fuel would have to be reprocessed. But BNF operates its plants at about two-thirds of their design capacity. During subsequent cross-examination it was disclosed that the chemical separation plant could be available 70 days a year to process United Kingdom oxide fuel until 1985.

Mr Doran explained, however, that the re-opening of Head End would have to be approved by the Nuclear Installations Inspectorate. Although the Inspectorate had accepted BNF's design, he thought that acceptance might be for only a few years for a plant devoted to experimental and development work only. It might not satisfy safety conditions as a production plant.

Serious crimes increase by 10pc on last year

By Our Crime Correspondent

Serious crimes reported to the police in England and Wales during the first three months of 1977 rose by a tenth on the same period last year.

The Home Office said yesterday that the number of indictable crimes reached 573,000 during the first quarter. If new statistics of criminal damage valued at £20 or less are included, the total is 614,000.

Excluding criminal damage, or vandalism, four other categories of crime increased during the period. Violence against the person was up to 14 per cent, robbery by 13 per cent, and theft and handling stolen goods by a tenth.

Sexual offences dropped by seven per cent, and fraud and forgery was down by two per cent.

New attempt to settle NUJ dispute

By Our Labour Staff

An attempt will be made on Thursday to resolve the closed shop dispute between the National Union of Journalists and Westminster Press, one of the country's biggest newspaper publishers. If the talks fail, members of the National Graphical Association, have threatened to halt other Westminster Press titles.

The dispute, centring on Darlington, involves a strike by NUJ members employed by North of England Newspapers, a subsidiary of Westminster Press. The Northern Echo, the biggest newspaper affected, is being brought out by executives, but the NGA national council is saying it will give full support to the journalists if the latest peace moves fail.

Mr Kenneth Morgan, general secretary of the NUJ, Mr William Keys, chairman of the TUC printing industries committee, and representatives of Westminster Press will attend Thursday's talks.

Picketing outside the Darlington offices of the Darlington and Stockton Times, where the dispute began, is to be suspended for 10 days. But the NUJ said yesterday that other trade unionists, including miners, were being invited to join a day of mass protest on July 15.

Meanwhile, a senior officer been appointed to inquire into from West Yorkshire police has canvassed complaints about the tactics of Durham police on the picket line.

The council of the Newspaper Society, which represents provincial newspaper publishers, is to consider the resignation of Wilson and Whitworth, publishers of the *Stratford Express* in east London, which is engaged in talks with the NUJ over a post-entry closed shop.

Sir Geoffrey criticizes complacency on economy

Sir Geoffrey Howe, QC, the opposition spokesman on Treasury affairs, told the House of Commons that the Government's economic policy was "dangerously complacent" over Britain's economy.

He said that Mr. Barnett, Chief Secretary to the Treasury, had recently declared that virtually every economic indicator was showing signs of improvement. Other ministers had given the impression that things were "coming right".

Sir Geoffrey said that the harsh facts were that unemployment was a record, inflation was rising, and the balance of payments was in a double figure for the foreseeable future; and the outlook for any help from the rest of the world was "far from bright".

Only the balance of payments was improving and that was almost entirely due to North Sea oil, he told. The Northern Ireland Chamber of Commerce and Industry in Belfast, "The fact that we are now able to exploit it is solely due to the high risk-taking endeavours of private enterprise".

He said that none of Britain's problems would be solved without new industries, new techniques, new markets, new designs and new people. "But to make these things possible it was imperative to restore incentive to the heart of the economy."

It was only the productive sector, almost exclusively private enterprise, which could create prosperity, Sir Geoffrey said.

Encouragement should be given, for example, to small business and the self-employed.

But the most important requirement for business success was a period of stability. He predicted that the Government would make fewer laws.

"Most important of all, we shall change the burden and balance of our tax system." Conservatives advocated "pay as you spend" rather than "pay as you earn". "People should be given the chance to respond to a wealth-creating, job-creating programme," Sir Geoffrey said.

On Northern Ireland, he gave an assurance that a future Tory government would make a determined attempt to defeat terrorism. He welcomed the security measures recently announced.

31 remanded on bail after London clash

Thirty-one people appeared at Bow Street Magistrates' Court yesterday after clashes between supporters of the National Front and the Lewisham 24 Defence Committee in Deptford, south-east London, on Saturday.

They face various charges of assault on the police, wilfully obstructing the police, having offensive weapons in a public place—including fireworks—with stones attached—using threatening words and behaviour, and that their conduct was likely to provoke a disturbance of the peace.

Eight of the accused, among whom were two teachers, were remanded on bail to reappear at Camberwell on July 18. The other 23 were remanded on bail to appear at Bow Street Magistrates' Court on July 28.

The Lewisham 24 Defence Committee was demonstrating in support of 21 young black people accused of conspiracy to steal and looting with intent, and three other arrests at a subsequent demonstration.

Student rebates

We regret that processing of recent applications for student rebates has been held up by a clerical dispute, which is now resolved. Serious efforts are being made to deal as rapidly as possible with the backlog of correspondence. We apologise to students concerned for this delay.

At the parish pump—2: Sad aftermath to the silver jubilee celebrations

Students steal Union Jacks from Bath's street display

By Alan Hamilton

There has been a sad aftermath to the silver jubilee celebrations in Bath. Four university students have been fined £15 each for stealing Union Jacks from the street display. Traders in The Corridor, Bath, said they had spent £200 on flags for the event, and all but two of them had been stolen. Older residents recalled that nothing of the kind happened during the Coronation.

Bath Weekly Chronicle reports. But much more heinous crimes are being perpetrated in the elegant Georgian city. The paper records that residents of Kensington Place, who are trying to stop their street being used for all-day parking, are having their own car doorlocks plugged with plastic filler. "If people are out to harass us they should do it to other people as well," Mrs. Jeanne Hicks complained, who had some trouble getting into her car.

Still, there is a glimmer of hope for Bath. The *Chronicle* forecasts a "flourish" in the pockets of city traders this autumn, with the arrival of 200 Saudi-Arabian students at the new aviation college. Mr Barry Rolfe, the aviation director of the college, said they would bring a new purchasing power which would be good for Bath's economy.

Money has also been on the mind of Graham Taylor, who gave up his job as manager of

Lincoln City football team to take over Watford Town. The *Lincoln Chronicle* reports that he left complaining that the city council had affected the local club's chances of success by insisting on safety measures at the ground, and there was no money left to buy players.

"They behaved as if they are the masters and not the servants of the people of Lincoln," Mr Taylor said, omitting to add that his sale to Watford had made his old club £25,000 richer.

Money has also been accruing to Lincoln's biggest employer, Ruston Gas Turbines, who celebrated the jubilee by setting their thousandth turbine, and by announcing that within a week of launching a new model, they already had 14 orders for it.

The jubilee has not been such a happy event in Haverfordwest, from where the *Western Telegraph* and *Cornwall Times* reports that Councillor Cecil Evans, the Mayor of Tisbury, chose to boycott the royal visit to Pembrokeshire because he and four other local mayors had not been invited to meet the Queen at Shire Hall. "It's a disgrace," he said. The ex-mayor of Haverfordwest said, adding that a belated invitation to watch the royal procession from the steps of the Masonic Hall was not good enough. Councillor Evans's surprise can have been nothing com-

pared with that of Mr Maurice Simmonds, who was so taken aback that he had to write to the *Telegraph* about his experience. Looking from the window of his holiday cottage at Llyngrawis on jubilee night, he saw "a spherical ball of intensely bright orange light" which he naturally assumed to be a jubilee bonfire, except that it kept appearing and disappearing over the horizon. He and his family stayed up to watch it until 1 am, by which time it had disappeared.

"Imagine our surprise on reading the report on the front page of your paper on Thursday June 9 relating to UFO sightings," the astonished Mr Simmonds wrote.

Nor was all well at the jubilee celebrations of the Burgess Hill Women's Institute, according to the *Mid-Sussex Times*. The hall was gaily decorated with red, white and blue flowers, but someone stole the Union Jack. The ladies carried on regardless with their competition to make up a telegram from the words "Diamond Jubilee".

Nor far away, in Quarry Hill, Haverfordwest, residents held a jubilee party, but first they had to cut the grass verges on the road, a job no longer done by the council because of the cost. The adults enjoyed watching 40 men walking around with their trousers legs turned up, and many hilarious

games followed. The *Times* says, declining to go into further detail. It is such a lovely way to get to know your neighbours," one participant said. "We cannot wait for Prince Charles to get married and provide an excuse for another street party."

No such gaily will come the way of 40 mentally handicapped children at Cell Barnes Hospital, St Albans. The *Herts Advertiser* says that the children, aged between seven and 14, will be denied their usual summer holiday at the seaside this year, because enforced cuts in the hospital's staffing budget mean that there will be no nurses to take them.

The hospital is having to operate on 14 fewer nursing staff than last year. The Hertfordshire area health authority said it was a choice between cutting down on nurses for non-essential duties and closing two wards. The Harpenden branch of the National Society for Mentally Handicapped Children replied: "The budget for nursing staff in sub-normality hospitals must not be cut. This is an inhumane decision."

Still on health service matters, the *Coventry Times* reports that Councillor Mrs Sylvia Bradburn has resigned from the North-West Leicestershire Community Health Council because, she said, it was merely adding to health service bureau-

cracy and creating paper work rather than acting as a watchdog on the health authorities. She became frustrated, she told the newspaper, at sifting through reams of reports, government circulars and useless pieces of paper rather than doing something positive.

While she was resigning, vandals broke into the domestic science room of Warminster School, far away in Wiltshire, and wrote rude words on the walls in Marmite. The *Wiltshire Times* also reports that they ate most of the classroom's stock of eggs and lard.

Youngsters are also causing difficulties for Superintendent Dennis Johnson, head of Cheltenham police, who is trying to stop under-age drinking by school pupils in the town. A 16-year-old schoolgirl told the *Gloucestershire Chronicle*: "In the coffee bars there is waitress service and you can't stay longer than half-an-hour. Whereas in the larger pubs you can be sucked away in a corner and have a drink last the whole evening."

Perhaps the youth of Cheltenham is simply sheltering from the weather, which has been bad in Gloucestershire. The *Chronicle* reports that Cheltenham Rose Society has had to cancel its summer show. The season is two to three weeks late, with floribundas just coming into flower and hybrid teas barely showing buds.

Registrar visits prison for bankruptcy case

A bankruptcy hearing was held in Wandsworth Prison, London, yesterday because the three prisoners against whom bankruptcy petitions were heard were considered a security risk. It is believed to be the first time such a hearing has taken place in a prison.

The registrar went to the prison because he felt it was safer than hearing the petitions against the men serving long sentences for armed robbery in his chambers at London Bankruptcy Court.

Last December criminal bankruptcy orders were made against the men at the conclusion of their trial and yesterday's hearing came after petitions based on those orders.

Free defence of 'basic legal rights' sought

By Our Legal Correspondent

A radical reconstruction of Britain's legal services, founded on the philosophy that there are certain "basic legal rights" which should be protected by the State, is being proposed by the Society of Labour Lawyers in evidence to the Royal Commission on Legal Services.

The suggested new scheme would involve the provision of a free non-means-tested and non-contributory machinery for the protection and enforcement of rights considered to be "basic".

Those include the right to security in the home and in employment; the right to a minimum income; the right to

liberty and freedom from physical attack or injury. They would encompass housing and tenancy cases, social security claims disputes over custody of children, and advice to people in police detention.

The society realizes that the proposal is a long-term one. Meanwhile, it calls for the strengthening of neighbourhood law centres and an increase in their number, the raising of legal aid limits, the extension of legal aid to tribunals, and the extension of duty solicitor schemes.

The Labour lawyers call for the appointment of a minister for legal services, complemented by an advisory committee composed of lawyers and laymen, with a lay chairman.

Lower-income wives 'suffer most from inflation'

Wives have been worst affected by inflation in the past year, according to a survey by the National Consumer Council. And the wives of lower-paid workers have suffered most.

One out of every three wives in Britain received no increase in housekeeping money from their husbands, yet were trying to cope with the extra cost of food and other necessities.

As a result of the survey carried out by the National Opinion Poll, into why the poor get worse value for money, Mr Michael Young, chairman of the National Consumer Council, has appealed to the Government and union conferences meeting this week to recognise that those new facts

make an agreement on pay and prices very much more urgent. "Pay increases for men," he said, "are only too likely to be at the expense of women. Many husbands do not pass on any of their increased earnings to their wives."

One finding of the survey was that the lower the income of the husband, the more likely he was to stint his wife.

Nearly half the husbands earning less than £40 a week added nothing to housekeeping money during the year. The poorest wives were the ones who received no increases at all.

Another finding was that lower income wives were expected to pay for more from their own purses.

WEST EUROPE

Sir Geoffrey criticizes urban guerrillas try to terrorize public in main Italian cities

Only yesterday another message gave the warning that no one should feel safe from reprisals. Similar threats have been received in Turin and Milan and police are treating them as genuine.

Milan has already experienced fear of sudden death in the streets a few weeks ago when a lovelick bandit threatened to massacre children if his girlfriend was not released from jail. Many parents kept their children away from school and police vigilance was stepped up but nothing happened.

Signor Francesco Cossiga, the Interior Minister, has already said that the next step in the escalation of guerrilla violence could be the indiscriminate murder of members of the public, as opposed to the current practice of assassinating or kidnapping selected representatives of the judicial, press, Civil Service or industry.



The fortress-like setting of Grand Hotel at Saltsjbaden, Sweden, will make security precautions easier for this month's Opec meeting there.

Mr Kadar arrives in Bonn for talks

Bonn, July 4.—Mr. Janos Kadar, the Hungarian party leader, arrived in Bonn today for a four-day visit to West Germany which is seen by both countries as an effort to promote détente.

Herr Schmidt, the West German Chancellor, whom Mr. Kadar is to meet twice, said in an interview published on the party newspaper *Nepcsabadsag* that he wanted Mr. Kadar's visit to contribute to détente.

The Hungarian press hailed the visit as a new step towards the easing of tensions. West German newspapers on their part saw Mr. Kadar as an element of moderation within the Eastern bloc.

The independent *Frankfurter Allgemeine* said that "the man who made himself available" to the Soviet Union after the abortive uprising in Hungary in 1956 had emerged as an advocate of moderation and balance in Europe.

The West German Government has built up good relations with most East European countries. President Brezhnev of the Soviet Union is due to come here in autumn, and Herr Schmidt is visiting Poland in September.

Mr. Kadar, who is accompanied by a strong government delegation including Mr. Frigyes Pujai, the Foreign Minister, and Mr. Josef Biro, the Foreign Trade Minister, is to confer with the leaders of the three main West German parties.

He will also meet Herr Oskar Vetter, the trade union leader, and visit industrial sites in North Rhine-Westphalia, the most populous and industrialized Land.

Mr. Kadar made his first journey to the West in 1975, to the European security conference in Helsinki. He has since decided to intensify contacts with Hungary's principal trading partners, visiting Austria last winter and Italy last month.

—Reuters.

View of British party on Eurocommunism

By a Staff Reporter

Mr. Gordon McLennan, general secretary of the British Communist Party, gave some indication yesterday of how the party may lean in the controversy on Eurocommunism.

In a full-page interview in the *Morning Star* Mr. McLennan emphasizes the importance of relations between Moscow and the communist parties of Western Europe and the gravity with which recent strains on these relations are viewed.

Though he does not say so explicitly, Mr. McLennan makes it clear that he blames the use of the word "excommuni-cated" when he asserted that there could no longer be any question of an "international centre" or a "single leading communist party".

Referring again to the Soviet-Spanish disagreement, Mr. McLennan said: "It must be clearly understood that each party is independent and sovereign and will not only decide its own analysis and policy but will work out its policy in its own country, and no one else can do so."

Warsaw, July 4.—The Polish Communist Party daily *Trybuna Ludu* today reprinted without comment excerpts from the recent Soviet article attacking Señor Carrillo's concept of Eurocommunism.

Dutch boat fined £25,000

The skipper of a Dutch trawler was caught fishing illegally inside Britain's 200-mile limit 15 minutes before he was due to sail home, a court heard today.

Mr. Nicholas de Nier's ship *Maria* was arrested 50 miles off Aberdeen on Friday, only hours after the ban on herring fishing had begun. He was fined £25,000 today by the Aberdeen sheriff court for illegal herring fishing. He also had his gear and catch worth a total of £27,000 confiscated.

Passing sentence, the sheriff said: "Having regard to the purpose of the order and to the value of the catch which the vessel is capable of accommodating, the maximum penalty of £50,000 seems far from high." A request by the skipper to buy back his catch was turned down.

Spain expels second 'Soviet agent'

From Harry Debelius Madrid, July 4

Spain has expelled another Soviet agent for alleged spying, according to a statement issued today by the Foreign Ministry. He is the second agent to be caught in four months.

The ministry said Mr. Gennady Vassilievich Sveshnikov had been arrested with "classified documents of national defence interest" in his possession. As police officers approached him, he tried to throw the documents away, but was prevented from doing so.

He was detained on Saturday in Aranjuez, about 30 miles south of Madrid, where he was visiting the royal palace there as a tourist with his wife and two children.

The ministry's statement did not say what the documents dealt with or how long Mr. Sveshnikov had been given to leave the country.

Mr. Sveshnikov was employed by Intermex, a Soviet-Spanish firm which handles logistical arrangements for the Russian fishing fleet based in the Canary Islands.

The previous alleged Russian spy to be expelled from Spain was Mr. Yuri Sergeevich Pivovarov, who left the country last March, a few days before the new Soviet ambassador, the first to be accredited to Spain since the Civil War, arrived here. He was accused of spying on factories producing military equipment.

Mr. Pivovarov, aged 47, was

Common European foreign policy 'an illusion'

By Edward Mortimer

The notion of a common European foreign policy is "just an illusionary as was that of a common economic and monetary policy a few years ago", according to Professor Thierry de Montbrial, head of the French Foreign Ministry's analysis and forecasting centre.

Professor de Montbrial told an audience at the Royal Institute of International Affairs in London yesterday that he thought it inconceivable to have a common foreign policy without a common defence policy. Yet each country had a different perception of the threats against which it needed to defend itself.

There were also important differences between northern and southern Europe: they did not have the same dependence on outside sources of energy and raw materials, nor the same traditional links with countries outside Europe, nor

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OVERSEAS

White House urged to admit 15,000 refugees from Indo-China to US

From Michael Hornsby Washington, July 4

Direct elections to the European Parliament are approved of by 67 per cent of Britons, according to the latest in a series of opinion surveys carried out by the European Commission. This compares with only 33 per cent when Britain joined the Community and a Community average of 72 per cent.

But the percentage of those actively opposed to direct elections (22 per cent) is higher in Britain than in any other member state apart from Denmark.

Asked whether they would turn out to vote in a European election 47 per cent of EEC citizens said they would certainly do so and 27 per cent said they would probably do so. The intentions of British voters are almost exactly the same as the Community average.

But the survey also shows that the first time since Britain joined the EEC more Britons consider their country's membership of the Community to have been "a bad thing" than "a good thing".

The negative view is held by 40 per cent of Britons now, against 35 per cent holding the positive, while 22 per cent are apparently too confused or too uninterested to be able to say whether they think the EEC good or bad.

With the exception of Denmark, where those who approve of EEC membership is exactly balanced by those who do not, all other countries of the Community show a substantial majority in favour, although the survey also records many "don't knows" (on average about 20 per cent of those questioned).

The most approving are the Luxembourgers and the Dutch, with 84 per cent and 80 per cent in favour respectively. An instructive finding is the steady decline in German support for the Community.

The survey was carried out in April and May of this year based on interviews with 9,000 people, representing a cross-section of the EEC's population over the age of 15.

The British and the Danish are also the most cautious in replying to the question whether movement towards the unification of Europe should be speeded up.

From Bernard Gwertzman Washington

The State Department, in a potentially controversial move, has asked the White House to approve the emergency admission of 15,000 Indo-Chinese refugees stranded in Thailand and elsewhere in South-East Asia, some of whom are still living in the boats with which they escaped from Vietnam.

The White House was said yesterday to be sympathetic to the State Department's urgent request but has not yet responded to the proposals. Officials said that the Administration was aware of opposition from influential members of Congress to any further entry of Indo-Chinese without specific legislation. There were also said to be budgetary considerations.

Since the fall of Saigon in 1975, the United States has admitted 145,000 Indo-Chinese under the emergency parole authority extended to the Attorney-General. But, even though the law allows the Attorney-General to admit refugees without going to Congress, in practice, the authority is not exercised without the concurrence of key members of Congress.

An important critic of the programme is Mr. Joshua Eilberg, chairman of the judiciary subcommittee on immigration, who extracted a promise from the administration last year when consenting to the admission of 11,000 more refugees, that no more would be admitted without specific legislation.

Under another part of the law, about 100 Indo-Chinese have been admitted in the past six months as conditional entry immigrants. This will be expanded to 300 a month for the next three months.

At present, State Department officials estimated that there are more than 80,000 Indo-Chinese refugees, including some 2,000 "boat people", in Thailand, living in poor conditions in camps or on their boats. An additional 4,500 to 4,800 are believed to be boat people scattered round the region, most of them in Malaysia.

These refugees are believed to be in desperate straits, officials said, since, with the exception of some West European countries and Australia, they are not being allowed to emigrate anywhere. To compound the problem, officials said, many refugees fleeing Vietnam by boat were not even given temporary haven in Asian countries.

State Department officials said a series of articles on the refugees in *The New York Times* by Henry Kamm had aroused concern in the human rights and Asian bureaux of the Department. Mr. Cyrus Vance, the Secretary of State, was said to have taken a personal interest in doing something to ease the plight of the refugees.

But officials acknowledged that there was only a limited amount that could be done by the United States, given the fact that in Congress there was no enthusiasm for allowing many more refugees in.

Mr. Vance, in a speech to the Asia Society in New York last week, drew attention to the situation of the refugees and urged all countries to do what they could for them but omitted any mention of the State Department's proposal pending White House action.

In his speech to the Asia Society, Mr. Vance said: "A new flow of Indo-Chinese refugees commands the world's urgent humanitarian concern." —New York Times News Service.

Western cruise liner to take tourists to Vietnam

Singapore, July 4.—The Norwegian-owned liner *Rasa Skyang* will be the first Western cruise ship to take tourists to Vietnam, Thoresen Lines announced today.

A spokesman said the liner will leave Singapore for Saigon on February 5 on a 21-day cruise that will also include a visit to the northern port of Haiphong and the option of an overland air and coach journey from Saigon to Hanoi.

The liner will also make two trips to China in March and May, visiting Shanghai. The journey to Vietnam will be restricted to nations of countries having diplomatic ties with Vietnam.—Reuters.

For Suárez's Cabinet

Trade and Tourism: Juan Antonio García Otero
Transport and Communications: José Luis y Arca
Public Works and Housing: Joaquín Garrigues Walker
Social Welfare: Pío Caballero Gaité
Justice: Manuel Jiménez de Parga
Internal Security: Enrique Peña Nieto
Ministry for Relations with the Regions: Antonio Gaité
Ministry for Relations with the Regions: Antonio Gaité
Ministry for Relations with the Regions: Antonio Gaité

Student skier dies 300 ft

Switzerland, July 4.—A student skier, Ulrich Holzer, a student of the University of Zurich, died today after falling 300 ft while skiing on a mountain.

Mr. Holzer, aged 32, was skiing on a mountain near the town of Zermatt. He was skiing down a steep slope when he lost his footing and fell. His body was found at the bottom of the slope.

Proactive gas cloud over nuclear plant

Local residents have learnt to live with the nuclear presence over the past 15 years. But with France leading a new research programme into the development of fast-breeder nuclear reactors within the EEC, the accident, resulting from a "human error", is focusing attention on the potential dangers of this type of energy source.

France is determined to keep its nuclear independence in both military and energy matters and M. Barre, the Prime Minister, was quick to play down the importance of the accident. In fact, the escaped gas has a very low level of radioactivity, less than 0.7 per cent.

Nevertheless, with the whole programme of the construction of nuclear centres in France due to come up before the Cabinet on Wednesday, the accident could not have come at a more embarrassing time.

tish woman

murder. He had pleaded guilty.

Mr Edward Chapman, a 66, a civil engineer, of C Hill Road, Putney, south-west London, the victim's father-in-law, eventually acquiesced to Greece and is now convicts Mr Moundis is innocent.


"I have evidence that Greek colonels who were power at the time offered Moundis the equivalent of £100 to plead guilty to murder. Scientific evidence proves beyond doubt that I could not have died in manner described at the trial. The only way to discover truth is for the authorities order a retrial", Mr Chapm said.

Sacred Yard has prepared a report on investigations in London concerning the Miss Chapman had with

[illegible]

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 can learn how as killed and 14 were injured
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 are very high, and
 very clean. His who had broken through
 and ceaselessly barricades for a close-up view
 make sure that the finish of a holiday race-
 track.
 In another race earlier yes-
 terday a car, whose brakes
 had a single tire, plunged into a barbed
 wire fence, dragging it across a
 number of spectators. Eleven
 of the people were slightly injured.
 The trick according to the Automobile Racing
 Association of the Philippines
 had done automatic. The problem is to hold an inquiry into
 accidents today. Two other
 races and visitors in yesterday and three
 were cancelled.—AP.

The traveller feeds a
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 tells it how much cha-
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 into the forecard.



The opinion polls conducted by leading newspapers, including the *Asahi Shimbun*, indicate that 51 per cent of the electorate may prefer to see the ruling party enter into a coalition with somewhat less conservative forces, such as the Komeito (Clean Government Party), the Democratic Socialist Party or the newly emerging New Liberal Club, a splinter group of young conservatives who have drifted away from the ruling party two years ago.

While a substantial defeat would certainly lead to a shake-up of the leadership of the Liberal Democratic Party, the election is unlikely to change the conservative face of Japanese politics in the near future.

also preclude the possibility of a left-wing alliance.

The ruling party will undoubtedly have to make some drastic compromises by conservative standards and probably amend the party's stand on such issues as energy, anti-inflationary measures, the anti-monopoly law and education.

Even if the conservatives of the constitution, the Upper House retains the power to veto all Bills, except on budgetary matters and treaties. Any Bill rejected by the Upper House can be referred to the House of Representatives, which could overrule the Upper House veto by a two-thirds majority.

The New Liberal Club,

If the opinion polls prove correct, Mr Fukuda is expected to come to a working arrangement with conservative independent members of the Liberal Club, led by Mr Yohei Kono.

The country's second largest political force, the Japan Socialist Party (which has 61 seats in the Diet) and a promise of a left-wing coalition government, but the five feuding opposition parties are in a state of disarray and cannot hope to replace the Liberal Democratic Party.

In keeping with the trends of the general election in December, both the Socialists and the Communists (who hold 20 seats) are expected to lose ground to the Komeito, the Democratic Socialists, and the New Liberal Club.

Ideological differences which persist between the Socialists, Communists, the Komeito and the Democratic Socialist Party

within the opposition, the electoral system and the country's younger voter, with a moderate alternative to the two extremes of the political spectrum, may hold the balance of power. The Komeito, which has 10 seats at the expense of the conservatives and the left-wing in the Lower House election is expected to make further gains on Sunday.

Mr Kono has put up 13 candidates and is confident of capturing at least six seats which will provide the party with leverage in any future working arrangement with the Liberal Democrats.

The other two conservative forces, the Democratic Socialist Party and the Komeito, are expected to make modest gains at the expense of the party, the Communists and the Socialists. But they are unlikely to be invited into a loose coalition unless the Liberal Democrats sustain heavy losses.

Moscow, July 4.—Soviet police today detained Mr. Valentin Turchin, aged 46, a leading dissident and founder of the Moscow branch of the Amnesty International human rights organization, his wife said.

Mrs. Tanya Turchin said her husband was on his way to meet Mrs. Kina Ginzburg, wife of the jailed dissident Mr. Alexander Ginzburg, when he was seized by several men and thrown into the back of a waiting car.

Mr. Turchin, a chemist, specialist, told "Weekend" he refused a police summons to report for questioning as a witness in the case of Mr. Ginzburg, a member of the Moscow "Helsinki" human rights group.

It was not immediately known whether Mr. Turchin had been detained in connection with this or a possible case against himself. Mrs. Turchina said her husband was taken away by Mrs. Ginzburg to Kalgai jail, 75 miles south-west of Moscow.

Mr. Turchin lost his job in a Moscow computer institute in 1974 after speaking up in defence of Dr. Andrei Sakharov, the Nobel Peace Prize winner. Later that year he founded the small Moscow chapter of the London-based Amnesty organization, a voluntary body, which acts on behalf of political prisoners, is not recognized by the Soviet authorities.

The Moscow group's secretary, Mr. Andrei Yevdokimov, a physicist, was sentenced to five years' internal exile last

Will June, 1977, turn out to be a memorable moment for Britain's inner cities? Last month the Government accepted "explicit priority" and a long term commitment to them in its White Paper published in response to the Inner Area Studies by Lord Liverpool and Birmingham which Mr Peter Walker commissioned in 1972 and brought to completion under Mr Peter Shore and Mr Reginald Freeman. But no loud trumpets sounded at a launching of a bi-partisan new initiative; is this commitment serious and are its brave intentions likely to be fulfilled? The White Paper says the right things. Almost all its recommendations derive

from the three stories and this is bound to be the case. I am sure that this is the only way in which the Government's General line has been accepted. There should be positive discrimination in favour of the inner city; economic decline is identified as the main cause and the need to arrest it as the main task; the improvement of the physical and social environment is seen as the means to this end.

Why, then, is one left with a sense of unease? Is one expecting too much from a brief, 32-page White Paper which starts by saying that the inner city is the Government's last best hope? Layfield's proposals on local government finance, checking through our list of 41 detailed proposals, I saw that 11, mostly on jobs, had been accepted, another four partially accepted and the remaining 26, silence reigns. Accepting that some may still be envisaged, there are startling omissions in a paper claiming a unified approach. For instance, our proposals for the political and administrative strengthening needed to achieve a balanced, as distinct from the present unbalanced, dispersal of population from London. Our proposal for a national council housing allocations pool to assist labour mobility and our suggestion for a new public works department to deliver social services and access to them from below receive barely a comment.

We also proposed that a new comprehensive national scheme for income maintenance be set up, to be financed by

approach and for complementary policies to be pursued. This is no small task for it would involve six central government departments, the C.L.G., the I.L.E.A., 32 London boroughs and the City of London. How is the operation to be managed?

On paper the problem is recognized. Special efforts at coordination and joint working with the numerous established priorities in central and local government are said to be necessary. The new town development corporation for the inner city is rejected as undemocratic and the job given to the local authorities, and in the end to the central Government, is to make partnership arrangements between central and local government. The Government is right to concentrate limited resources in these places where the problems are worst, but it is not about to cause controversy. Provided we have the money, the Government and also from the results flowing from spending the urban programme money which is not confined to the partnership cities, it is right that money goes where it is needed most, not to the inner city, nor just where the worst problems are.

Are these partnership arrangements to be democratically accountable and, if so, how? If not, how can they achieve a redistribution of resources? Will not these new partnership arrangements be a new machinery which has failed to react in the past? For this is no routine operation requiring minor adjustments to the present machinery of government.

This team would set up and oversee the new projects and fight the continuous battle for positive discrimination within each authority. Without such new arrangements, as I have said, planning is weak. It is not that the money does not appear down old drains, and the difficult local decisions on resource allocation are never faced or taken.

But this machinery will need the breadth of life that only comes with political and administrative commitment to innovation and to the new ideas of justice and equity. Indeed the word "commitment" occurs eight times in the White Paper. Nobody can now say that we do not know what should be done. The three inner areas studies and other field work have produced a mass of material for the Government to use. There is enough material for a decade of action. So if nothing happens it will be because politicians lack the interest and the bureaucrats lack the capacity, and will be the fault of us all. The Government has no alternative but to be ruthless or to bumble. The Government has made a long term commitment and should be held to it.

* Policy for the Inner Cities. Secretary of State for the Environment, Secretary of State for Scotland and Secretary of State for Wales. HMSO, June 1977, 60p.

** Inner London: Policies for dispersal and regeneration, by Graeme Shankland, Peter Willmott and David Jordan. HMSO, June 1977, 120p.

Manila, July 4.—One person
 was killed and 14 were injured
 yesterday when a racing car
 crashed into a group of specta-
 tors who had broken through
 the barriers for a close-up view
 of the finish of a holiday race.
 The driver, a man whose brakes
 failed, was forced to crash across
 the track, and several spectators
 were slightly injured.
 The Automobile Racing
 Association of the Philippines
 is holding an inquiry into
 the accident today. Two other
 races scheduled for yesterday
 and three scheduled for today
 were cancelled.—AP.

A young British woman has been murdered while on holiday in northern Afghanistan. Miss Judith Booth, aged 23, who was on an overland trek to India, was shot by an Afghan tribesman as she and a girl friend left a lake where they had been swimming.

News of her death reached her family in Huddersfield yesterday, five days after the shooting in the Bazmyan province of north-Afghanistan, 150 miles west of Kabul.

Miss Booth and a friend, Miss Julie Woods, of Manchester, had joined an overland trip to India which was expected to last for five weeks. Her father, Mr George Booth, said yesterday: "She and Julie left on May 29 to join a trip organized by a London firm. She had been hoping to go to America to work, but could not get a visa. The holiday to India was to make up for her disappointment."

"The Foreign Office has told me how she came to die, but we do not know why the man shot her."

The Foreign Office said: "The killing happened when the two girls were on their way back to the camp site after swimming. It is a very remote mountainous region, but has become a popular stopping-off place for tourists, especially on the treks to India."

year for slandering the Soviet state and last week a Ukrainian member, Mr. Mykola Rudenko, was sent to a labour camp for seven years on charges of anti-Soviet agitation.

Since the arrest of these Helsinki group members, Mr. Ginzburg, Mr. Anstol, Shcharansky and Mr. Yuri Orlov, this year, Mr. Turchin, a fluent English speaker, has been acting as one of the main spokesmen for several Moscow dissident groups.

A Soviet screenwriter, Mr. Felix Kandel, today appealed to foreign film-makers attending a Moscow international film festival next week for support in his attempts to gain permission to emigrate to Israel.

Mr. Kandel, who is 44, said in the appeal, handed to Western correspondents, that he had been denied the chance to work since applying to emigrate four years ago.



Better to be safe than sorry when you travel

Most times that I am asked for advice by someone anxious about the health risks of foreign travel I find that he or she is due to leave within a few days. Very little can be done at such short notice. The best protection against infections such as typhoid comes from immunization, but the response takes weeks rather than days to be fully effective.

Despite the great simplification of foreign travel in the past 20 years it is still medically hazardous to stray far from the New York-London-Paris axis. Much of the world is still struggling with the problems of sanitation and pure water that we put right in the nineteenth century.

Outside Europe a much larger range of infections needs to be considered. Infectious hepatitis—virus jaundice—is prevalent in most parts of Africa and the Middle East, and some protection is given by injections of human antibody. These uncomfortable injections are a sensible precaution for anyone travelling overland, camping, or visiting regions where sanitation may be expected to be poor.

Cholera and typhus, two of the great killers of armies in history, are still to be found in Africa and the East. Cholera is a disease of contaminated water supplies; typhus is passed on by the bite of body lice. Vaccination is readily available against both diseases, and the vaccine causes minimal discomfort: the protection

Countries advisable	Timing and frequency of vaccine
Diphtheria Every adult should have been protected in childhood. If in doubt, repeat.	Two injections of vaccine into an arm or leg at intervals of six weeks, first dose eight weeks before departure. No booster required if full childhood vaccination given.
Tetanus As for diphtheria, all countries including northern Europe.	As for diphtheria if childhood vaccination has not been given. Otherwise a single booster injection every 7-10 years maintains immunity.
Polio	

SECRETARIAL	SECRETARIAL	SECRETARIAL	SECRETARIAL	SECRETARIAL	SECRETARIAL
SECRETARY Solicitor/Company	STRIKE OIL IN THE WEST END	FAMOUS FASHION DESIGNER	ADMIN SECRETARY SOUTH KENSINGTON	Neither smallpox nor yellow fever vaccination is any longer justified as a routine. Smallpox is virtually extinct and	Typhoid As for polio.

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By Michael Phillips

With Princess Zena in the field this afternoon we should be able to find a live between Amaranda and Turkish Treasure. Princess Zena finished five and a half lengths behind Amaranda at Ascot

Television (IBA) : 2.30, 3.0 and 3.35 races

35 PRINCESS OF WALES'S STAKES (£12,438: 14m)			
W1	2110-23	Smuggler (C-B) (Lord Porchester, W. Harb. 4-4-3)	Chasen
W2	2111-12	Ambleton (C-B) (Sir M. MacDonald-Buchanan, 4-4-3)	Callu
W3	2211-10	Foots Male (C-B) (Lord Howard, 4-4-3)	Marcor
W4	2311-02	Lord Helms (M. Stander, B. Hill, 4-4-2)	Callu
W5	2411-02	Requiem (B) (Colonel W. Bearens, W. Ebbw, 4-4-2)	Bayler
W6	2511-02		Pignoli
W7	2611-02		Callu
W8	2711-02		Bayler

4-5 Leonato, 100-30 Brunnar, 3-1 Lord Malpas, 6-1 Feet Mals, 3-1 Garco,
4-1 Amboise, 13-2 St Petersburg, 16-1 Neplene.

10 PLANTATION STAKES (2-y-o = £2,124.7f)				
1	0	Anda Hrd (Vire M. Wtall)	M. Prescott	9-0 G. Duffield
2	0	Blessed-Sandans	(Capitall M. Lamos)	E. Brown E. Wade
3	0	Crested Grabs	(Eva Lady Rosebery)	S. Hobbs 9-0
4	0	Francis	(Colonel M. Hutchings)	Thomson Jones 5-0
5	0	Hastings	(L. Lawrence)	A. Ingham 9-0
6	0	Walden	9-0	E. Hiden

7. 630 Nerenian, D. Lark, W. Marshall, S-O. 12
 011way, Lady Be. Verbroeck, M. Jarvis, S-O B. Raymond 12

anark programme

15 CARMICHAEL STAKES (3-y-o: £551: 5f)

000-00	Desert Warrior, J. Hanson,	9-0	C. Eccleston	5
000020	Clart Ravenna (F), M. W. Easterby,	9-0	D. Gray	12

000-00	Getta, F. G. Robinson, H-11		
000-0	Marks, Gen. (B), A. Balding, R-11		M. Newlan 7
00-000	Hobbs, Ensign, J. Barclay, S-11		

5 PETTINAIN HANDICAP (E893 : 1m)
003030 Venue of Srikulam (N.D.), G. Blum, 4-9-7 C. Ericsson 5

Interact results

5 (1.48) WRAGBY FILLIES STAKES	Modern Times, 5 h. by Royal Palace
2-3-0: 2871.	E. Sdu (Mrs S. Jost).
by Saanecot, 3 h. by Comanche	3-2-11 E. Sdu (13-8 h) (av.) 1
	Ward Scott, 5 h. by Tom Robinson
	2871 (Mrs L. Midsenstien).
	8-11

ALSO RAN: 6-1 R'grido (4th), 13-1
Court Clerk: 8 RAN.

1. Newmarket, 19-21, 22.	Crown rights, 10.	Shelton, 2
2. (3.16) SNEATER, HANDICAP	Physico, 2.	by Sautingo-Glasy
3. 3-6 (1) 1-2	Heart (Mrs. P. Mervin), 2-3	
4. 1-2	Also Ran, 11.	Legal Miss (4th), 2
5. 1-2	10-11. Pansol, 8 ran.	
6. 1-2	TOTIE, Win; 56-57; Garces, 31.00.	
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Pay Roll, ch. 1, by Burghal-Sars-
grave (M. O'Hara), 4-8-17

[illegible]

6.30 ROYAL STAKES (2-y-o : maidens)

755 KENILWORTH STAKES (2-y-o; £674: 71)									
94	Camp Sewer, R. Houghton, 9-0	W. Carson	7						
95	Cambridge, E. Preece, 4-0	D. Ryan	11						
96	Cadbury (B), E. Nairn, 10-0		1						
97	Calcutta, J. P. M. P. M., 10-0		10						
98	Callaghan, W. P. M., 10-0	E. Johnson	10						
99	Callaghan, W. P. M., 10-0		10						
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167	Callaghan, W. P. M., 10-0		10						
168	Callaghan, W. P. M., 10-0		10						
169	Callaghan, W. P. M., 10-0		10						
170	Callaghan, W. P. M., 10-0		10						
171	Callaghan, W. P. M., 10-0		10						
172	Callaghan, W. P. M., 10-0		10						
173	Callaghan, W. P. M., 10-0		10						
174	Callaghan, W. P. M., 10-0		10						
175	Callaghan, W. P. M., 10-0		10						
176									

3-1 Gravenhagur, 7-2 Camp Rong, 4-1 Polichtelle, 6-1 Malvolio, 10-2
Karyaham, Tracy's Brother, 16-1 Oval Court, 20-1 others.

Warwick selections

By Our Racing Correspondent
 6.30 Hilo. 7.0 Swallows Image. 7.30 Successor. 7.55 Tracy's Brother.
 8.30 Blue Lianet. 8.50 Bold Aura.

By Our Newmarket Correspondent

Newmarket selections

6-00101	Bad Love, B. Manberg, 5-2-3	P. Turk
00-000	Beach, S. C. 4-1-2	H. P. Leaven
00-0230	River Pittsburg, B. Serris, 4-1-2	L. Charnock, 5
00-0400	Star Atlantic, K. G. 5-2-1	B. Webster
00-000		

4.15 ELSRICKLE HANDICAP (3-y-o: £733: 11m)

By Our Newmarket Correspondent
5.45 Venus of Streamline. 4.45 Rowell.

TOTE: Wtn. 68c; values, 14c, 10c.
32c; dual forecast, 20c. 1. Walker, at
Newmarket, 11.25.
ALSO RAN: 2 1/2 hr. Radium Race.
7.30. 3. Waterside. 11.30. 4. Wm.
(S-y-c) 11.21.35. 1m)
Meridale, 2 1/2 hr. for Crystal - Extra

Songs First A. Crook (1-1) 1 hr: 2
Starwick Maid 1/2 Sovereign 11-11-3
ALSO RAN: 2 1/2 hr. Radium Race.
7.30. 3. Waterside. 11.30. 4. Wm.
TOTE: Wtn. 21.42c. places, 27c.
32c; dual forecast, 21.70c. 1m. Nansen

Cambridge Star, n. c. by D.C. 2 0 (3.5) FORTH ROAD BRIDGE
HANDICAP 12840: 1m 7t

Edinburgh

2.0 (2.5) BUNEAR STAKES (3-y-rs; 2500; 5)	3.30 (3.56) NEWCASTLE HANDICAP (2400; 7)
Land of Point, br c, by Pacifico	Robin John, gr s, by Poncet—Little
Asell, 8-7	Wren, 3-8-4
Watch Soldier	Laurels, 12-1-1
Lord of the Topp, 10-11-1	Laurels, 12-1-1
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12

TOTE: Win, 60p; Place, 30p; Slip: 1. Fitzgerald at 10/11 in for 620 guineas.

[illegible]

separated by a head, and eight lengths farther behind came Seaside Slew. J. O. Tobin's rider, Bill Shoemaker, said after the race: "He broke sharper than I expected and really breezed to the lead."

that race went wrong", Shoemaker said. "Today everything

Joe, got his head in front to score by threequarters of a length from Song's First.

Michael Norton, the Richmond, Yorkshire, trainer, was nothing but a first flat winner of the season.

caster Sales, and is particularly well handicapped at the moment".

miles at Lanark on July 20—when burling on renasciously to take the Forth Road Bridge Handicap. Lindsay Charnock, whose win on Scoria meant that he now loses his right to claim the 5 lb allowance—he has had 54 winners—took up the running with a mile and

of Snack Time by half a length.
Scoria is owned by a Kerriemuir

Joe by a neck in the Newbottle Selling Handicap.

Tumbler D. Fox 15-1. 3
ALSO RAN: 4-4 1/2 fav St Paddy's
GIRL, 13-1 Chabur, 20-1 Am Away Too.
Belcraig 1-11 1/2, Who's Free, 8 ran.

TOTTS: Wm. 58c; Mares, 12c. 13p.
1-10c; Age 1-10c; 51-60c; H. Embay.

Old Court, bc by Welsh Saloon

15a: dual forked, Tip C. Booth, at
Flason. St. 71.

5.0 (5.2) PENTLAND STAKES (5-y-o:
E500), 1m
Northgate Lane, ch f, by Managh
-Hedders Tds. 5-3
Rms J. Wakerhish (20-1) 1
J. Seagrave (11-8 fav) 2
Humble.

Whitely's Princess, 30-1 Basing Spk.
8 res.,

By Pamela Macgregor-Morris

manner of one accustomed to riding long hours across country and over hounds, and also no stranger to the finer points of riding in the show ring.

The lightweight class went to David Tatlow on his Three Cross, a Royal Hibernian bred in Ireland by Seven Bells, but Lord Inchcape's Windsor winner, Solar Fairy, pulled in second with Vincent Toulson, eventually placed in fourth place by the Open Mind and Master Kempey. However, Toulson won the middle-weight with his Irish seven-year-old, Paris, by Le Prince, originally caded in 1954 by the late Jack Gifford on Last Reply. Prais, winning novice and eventual champion at the Leicestershire Show, was bought for £1,000 when only two months old.

It was Easter. Now he beat Ruth McKeluhan on Lady Zinzia Pollock's Crown Court.

Jack Gifford triumphed in the light class with the chestnut five-year-old The Weisman, by Thriller, ironically the only winner for the Premium Stallion Stud, which he had founded and bred in Shropshire by Charles Edwards, who also bred the new European champion show jumper, The Weisman.

Paris was runner-up on his Shropshire and West Midland champion Morning Glory, and Lady Zinzia's consistent winner. The latter has won numerous championships this season, was withdrawn lame.

Captain Brian Panshawe, Master of the North Cotswold Hounds, assessed the novices and four-year-olds early in the morning, and Vincent Toulson produced the winner of both classes. Lady Zinzia's Windsor, Stewart at Royal Hibernian, was the chestnut five-year-old Talk of the Town, by Supreme Halo, was outstanding in his class. The Irish four-year-old Craven Lodge, by the late Sir John Gifford, was employed successfully at several former in-hand champions, among them the Dublin winner, Hi-Jacker.

Novice and novice hunter champions: CUP: 1. Blundell on The Weisman, 2. The Weisman and Mrs R. Thorpe's The Weisman, 11. Gifford.

STAKES: 1. Evergreen, Louisiana; 2. The Countess of Inverclyde, 3. M. Pryor's A. J. Gifford.

Aachen, W. Germany, July 1.

Harvey Smith, of British riding Grounds, won the final event of the Aachen horse show in an exciting jump-off against Lord Alvarez-Severa, of Spain.

Smith, on Clear, had a second jump-off after the Spaniard's mount, Val de Loire, crashed into a well, the last of a chaotic day.

Salvador Alvarez-Severa won the only riders to go clear in the first three rounds.

Smith's win, which brought him a prize of 11,000 marks (£5,000), was the first important triumph in the three-day show.

Reuter.

in part of which the following are mentioned in yesterday's stage of the work as noted:

[illegible]

Football

Chelsea ask for more time to pay

says it has kept its head above water during the year—but is still miles have been affected and the cost of terrace tickets have been had managed to keep its head above water during the year. He



To avoid any unnecessary wastage of newsprint, The Times has reduced the number of copies offered for casual sale.

This means, quite simply, that if you haven't a standing order with your newsagent on occasions



THE ARTS



Lord Clark by Graham Sutherland

Memorable Sutherland

The word "memorable" may well be applied to the portraits of Graham Sutherland not only in the sense of their being decided worth remembering but in leaving an image that stays in the memory. There is no work in the loan exhibition by the new ambassador, Kingman Brewster.

Some 60 paintings and sculpture by outstanding American artists of the past four decades will be on display. The exhibition has been organized by the Contemporary Art Society in cooperation with the United States Information Service, to celebrate the Queen's Silver Jubilee.

West, the careless authority with which the Prince von Fürstentum sits back in his chair, the alertness of the Swiss lawyer and banker, Dr Adolf Jann, the cheerfully relaxed Baron Ellis de Rothschild.

Sutherland's portraiture seems a considerable distance away from the fanciful forms he has also produced or such exploration of the mysteries of insect life as in the current exhibition at the Marlborough Gallery of his aquatints of bees. A relation between the various aspects of his art may be found in his interest in organic growth, and the detail of nature, extending from the inanimate to the animate. He demonstrates in inspiring fashion what new possibilities remain to be explored without any drastic departure from the canons of the portrait tradition. The exhibition continues until October 16.

William Gaunt

Brecht and Weill give Herz a triumphant return to Berlin

Berlin's Komische Oper, founded by Walter Felsenstein in 1947, remained under his inspired direction until his death 28 years later. His extraordinary record. Those years brought this company world-wide fame and established realistic music-theatre, as Felsenstein conceived it. Now Joachim Herz, Felsenstein's successor, presented the first production of the house he now directs, Brecht's and Weill's *Mahagonny*, and with it he has scored an impressive success.

Felsenstein, who remained an Austrian citizen free to move whenever he wished, managed to wrest unique concessions from the government which provided the Komische Oper's financial subsidies. After the Berlin Wall went up almost 15 years ago, the Komische Oper included the only theatre in East Berlin which retained West Berlin residents as regular members of its staff and which received allotments of hard Western currency to engage additional Western citizens. A number of the portraits are publicly shown for the first time. The sitters are of several countries, French, Swiss, German, Hungarian, Italian as well as British. The characteristics of each are defined with great clarity in a way that

years of German history which that Leipzig premiere foreshadowed.

I arrived at the Komische Oper on opening night to witness a memorable vignette. A Volkspolizei vehicle had pushed before the entrance, inside it, two uniformed policemen beelievely and suspiciously scrutinized an ancient Mercedes-Benz, mud-bespattered and with United States licence plates, parked up on the pavement. It contained life-sized effigies of the three scoundrelly fugitives newly arrived to found the wide-open city of Mahagonny. Mr Herz's production had begun before his audience even crossed the threshold. Inside, the room leading to the auditorium, 1930 jazz and an extensive exhibition of period memorabilia continued the preparatory scene-setting.

Mr Herz's numerous earlier triumphs, not only as a guest director in this house but also in Leipzig, where he set a brilliant record as Operndirektor, have established him as an artist of fulminant, apparently unimpaired theatrical imagination and inventiveness, and in *Mahagonny* he has given his fantasy free rein. He has extended the playing area from the stage into the adjoining boxes, into the auditorium itself, and onto a sort of runway between the orchestra pit and the first row of spectators.

Reinhardt Zimmermann's sets and Eleanor Kleiber's costumes, plus photographic and cinematic interpretations, give the work a superb, richly imaginative setting and deserve the highest praise. Not since the tragically premature death of the great designer Rudolf Heinrich has the Komische Oper presented a work of comparable visual impact.

The performance provides some musical surprises, and not from the standpoint of interpretation. Most people will know *Mahagonny* best, if not entirely, from the Hamburg recording made about 20 years ago under the supervision of Kurt Weill's widow, the mimable Lotte Lenya, who had created the Dreigroschenoper role of Jenny and sung the role of the same name in *Mahagonny*'s first Berlin production. Weill, it seems, made more than one setting of some of Brecht's *Mahagonny* text; on the recording, Lenya performs a musically simple sort of pop song, whereas the Komische Oper presents the same text as a by and by, a simple, almost staccato little aria. Komische Oper dramatists must not about second-hand distortions and falsifications in the only generally available piano score, and a claim to have done their

Paul Moor

Lindsay String Quartet

Wigmore Hall

Joan Chissell

To launch their cycle of Beethoven's string quartets, the Lindsay String Quartet invited Professor Basil Deane, from Manchester University, to give an introductory talk, memorable for refreshing appreciation of the composer as man of the world and craftsman as well as divine genius. Each of the six programmes is designed to accommodate an early, middle and late period work. One will also include the Op 16 Piano Quintet. Moreover the Lindseys are offering the late B flat Quartet, Op 130, twice over, once with Beethoven's new finale of 1826, and once with the original *Grosse Fuge* as last movement.

Last night it came with the *Grosse Fuge*, which after all the drama of Op 95 in F minor, and Op 18 No 1 in F major, made for a long and demanding session in midsummer heat. It would probably have been wiser to preface it with only one earlier quartet. But exhausted as we might have been (especially those who attended the lecture first), there was still no mistaking the much greater stature of Op 130, with Beethoven's mightily conclusive fugue ending.

The Lindseys themselves showed no sign of strain, keeping tension at breaking point while finding a very wide range of dynamics and colour.

Opening the evening with Op 95, they rightly put truth before beauty, drama before mere suavity of tone. Yet the Allegretto brought many subtle individual inflections within the closest teamwork, and they managed to integrate each movement's contrasts and conflicts. Op 18 No 1 included outstandingly rich response to Beethoven's *affettuoso* and *appassionato* in the Romeo and Juliet-inspired slow movement.

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Writing on the wall

An exhibition entitled *Radical Attitudes to the Gallery* is on show at Art Net (14 West Central Street, London) until July 15. It consists of a series of statements placed on the walls of the gallery. The statements, by artists, critics and others were made in answer to the question "What you feel should be the attitude of the politically committed artist to the gallery". The exhibition was organized by Tony Rickaby.

The contradictions involved in this are obvious. For a start, it is not an exhibition, but a series of statements put up on the wall. They are difficult to read in this position and it is even more difficult to copy down passages. They would be more appropriate issued in a book, or printed in a magazine.

This is pointed out by a number of the contributors. Brandon Taylor writes: "It is certainly a guarantee in advance that the present exhibition will have no radical effects whatever. Framing and display, in whatever form, is not an appropriate method for the dissemination of verbally expressed ideas." Peter Dunn writes that it "shows either a bizarre sense of humour or a lack of awareness of the contradiction this creates—if not it is something sinister".

Martha Rosler writes: "The question makes me uncomfortable. It is a question of what is to be said about the current system of art galleries, public and private, the question should have been phrased in a different way without restricting it to the 'politically committed artist' whatever that phrase means. Several contributors were clearly worried by this: Peter De Francia put it more strongly: 'I fail to see any viable definition of the term radical in relation to art or any definition leading to an indication of what is generally referred to as a 'radical' artist... I am afraid that the 'radical' attitudes that I have encountered in the British art scene are those of a curiously attuned and well-groomed to the 'gallery'. In other words they belong to a defunct concept of avant-garde'.

A more different note was provided by John Anthony Thwaites: "I don't know what the attitude to the politically committed artist should be in the gallery. It seems to me to depend on him, on the gallery and on the local situation, both political and artistic. To be honest I must add that I don't think visual art—any more than literature—is an effective vehicle for political dissection, though of course I admit exceptions like John Heartfield and Klaus Staeck".

There are many rousing statements on interminable Marxist jargon of how both public and private galleries support the ruling class. It is a relief to come across this from Bruce Robbins: "The public galleries who openly reinforce the cultures in which they operate are fine, the ones who sham at dismounting such cultures are not so." And Brandon Taylor's sardonic: "It is

only a manner of time before history books are written in which 'radical art' is classified as a style."

It is odd too that this should take place in Art Net, which is mainly an architectural gallery, run by the architect and architectural writer (and former ICA director) Peter Cook and financed by Alistair McAlpine, art collector and one of the treasurers of the Conservative Party. Not that a dislike of art galleries is confined to the left. Malcolm Muggeridge once wrote that there was nowhere he hated more than an art gallery.

This is almost the last exhibition at Art Net, which will be closing at the end of July. The building which also houses Studio International is to be let.

In the late fifties and early 'sixties dealers' galleries such as the Marlborough showed pioneers of twentieth century modernism like Mondrian and Kandinsky when most public galleries—with the exception of the Whitechapel under the school of Paris and its native initiators—were more recently the Arts Council has begun to show a wider spectrum of art, although often better done by its regional branches, or galleries which get a large proportion of their money from the Arts Council, than its prestige shows at the Hayward.

One recent trend has been for artists to organize their own galleries, like the Artists' Market at the Warehouse Gallery, the Arts Information Registry's AIR Gallery in Shaftesbury Avenue and the Acme Gallery at Shelburne Street, Covent Garden, run by the artists' housing association which finds short-let property owned by the Arts Council for artists to live and work in. Another is for people who have ceased running public galleries like Jenny Stein (formerly of the Whitechapel), and Barry Barker (of the New Gallery at the ICA) to open their own galleries privately (House, 62 Regent's Park Road, and Barry Barker, 37 Museum Street, London).

William Hogarth believed that art dealers promoted an effete condensed art at the expense of the public. He tried to circumvent the circle of dealers, connoisseurs, patrons and collectors by means of prints which would be cheap to buy and exhibited in the windows of bookshops or printshops. The production of art and its reproduction are raised in a new film on Hogarth made by Edward Bennett for the Arts Council. It attempts to use some of the methods of experimental cinema to get away from the traditional art documentary. Unfortunately it is far too short to do this properly and leaves most of the questions it raises in the air. A pity because a really good film on Hogarth is very necessary and it would be a pity to see it so difficult to obtain backing for another in the near future.

Paul Overy

ECO/Simon Rattle

Alfred Beck Centre

Barry Mitlington

The new Alfred Beck Centre at Hayes was inaugurated with this concert by the English Chamber Orchestra under Simon Rattle. Yet another auditorium on the Middlesex fringe of London?

Yes, but this one, unlike the Westminster Conference Centre, was built primarily for the Borough of Hillingdon and its residents; and it is equipped with "assisted resonance", a system of 72 microphones, amplifiers and loudspeakers that increases the natural reverberation time.

Sound is successfully defused rather than localized, but from my seat in the seventh row, a distance of not more than 15 yards from the stage, the overall impression was distinctly uncomfortable; exaggerated and unsympathetic to the resonance of orchestra timbres. It may well have been this that

made the performance of Britten's *War Requiem* in perspective. Mr Rattle has a keen ear for detail and good rhythmic control, yet dynamic shading sounded obvious and contrived. Mozart's Piano Concerto No 20 in D minor, K466, with the young American David Lively as soloist, also lacked that unknown, unquantifiable element, even though both soloist and conductor had individual mature ideas to offer.

From a seat nearer the back of the hall, still less than 40 yards, perhaps, from the stage, the ECO seemed less cruelly exposed in Haydn's Symphony No 22 (The Philosopher); but even so they were not able to justify by perfect execution a moment of rare self-indulgence by Mr Rattle, a sudden drop to pianissimo near the end of the opening Adagio. The grand style implicit in Elgar's Introduction and Allegro for strings was abandoned, at first with no apparent benefit, but from the fugato onwards, bustling activity and Elgarian surge were combined to great effect.

This sealed wine bottle was sold by Sotheby's in a sale of English and Continental Glass on 13th June for £600. It is made of dark green glass, 13cm high, with the seal inscribed *John Lade 1721*.

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THEATRES

WHITEHALL (14 West Central Street, London) *Radical Attitudes to the Gallery* (until July 15). A series of statements placed on the walls of the gallery. The statements, by artists, critics and others were made in answer to the question "What you feel should be the attitude of the politically committed artist to the gallery". The exhibition was organized by Tony Rickaby.

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**Tory sniping
will not help to set
industry
on its feet again**

Afric

train. The ticket collector said:

Illustrated brochure and a list of appointed jewellers is available from Audemars Piguet, 70 Saffron Hill, London EC3N 8RS.

the crowd. They are, however, just too young to remember apparently like the old Indian crowd.

Glamorgan: the address on a printed receipt is given as the Muzismatic Bureau.

comes a Cardiff reader's story: "I'll make you one." And he d

train. The ticket collector said:

Le Monde
LA STAMPA
THE TIMES
DIE WELT

THE TIMES DIE WELT Europa

ROY LEWIS ASSESSES LOMÉ'S ROLE IN THE APPROACHING CRISIS

Africa hesitates between East and West

Reform of law of jungle overdue

Jacqueline Grapin

HOLIDAY TRAVEL

Shorter, less lavish but not given up

Tourism in Britain expected to show an increase

The same is true where Italy is concerned. For the Italians, there will be fewer trips abroad (a decrease of 15 to 20 per cent is forecast) and more holidays at home, but conditions are certainly better. Those in the holiday business say summer bookings are already very heavy for Italian holiday

Tourism in Europe is still keeping going; but it is starting to show clear signs of flagging. That is why it is necessary to set about devising a new policy for the sector, aimed at greater cooperation between European countries. This was the main theme at a recent meeting in Brussels, where the ministers for tourism in the European Community agreed that the following subjects should be examined in detail. First, the intensification of cultural relations. Second, social tourism and staggered holidays. Third a detailed study of what tourism in Europe can offer, especially as regards its cultural, historical and artistic assets. In areas where tourism is hardly developed or expected to develop, Europe could organize availability pools which would bring in foreign currency to compensate for the purchase of raw materials, and would also provide a useful means of cultural and human comparison.

Emilio Pucci

the future of European diplomacy

come to grips with such a complex issue (or some specific aspects of it) so as to lay the groundwork for concrete and policy-oriented suggestions. In particular, it is hoped that the project emanating from the study would come up with new ideas as to the kind of structures and machinery future European diplomacy would need in order to play a pioneering role in modernizing the instruments of international policy making. The study would therefore have to take into account the experiences gained by the Community and its member states in the search for a common foreign policy.

Procedure

Applications in English or French containing an outline, name and qualifications of researchers and an estimated budget of the project can be made by individuals or research institutions and should be submitted to E.C. until October 15th, 1977.

European Cultural Foundation
Jan van Goyenkade 5, Amsterdam, The Netherlands, phone 020-769232.

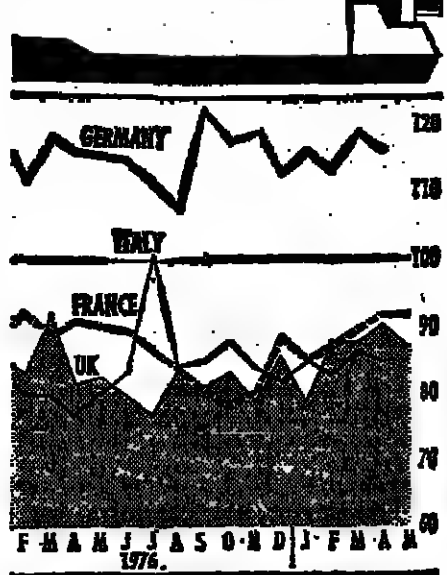
THE CONTRARY

heure du thé

de nos livres scolaires s'étendait de l'Atlantique à
Les limites de la Communauté européenne sont
plus... fluides.
les cartes ont tendance à nous tromper, en laissant
l'immense territoire du Groenland, plus étendu
que le reste de la Communauté dont il fait partie.
la Grèce et le Portugal, après-domin l'Espagne et
peut-être la Turquie, viendront égayer nos sobres
tions. A travers le monde, plus de soixante pays
nient avec la Communauté des rapports particuliers
nt libre accès à leur marché des produits industriels.
nt les années soixante, le Général de Gaulle et la
craignaient surtout la noyade du Marché commun
ne vaste zone de libre échange". Depuis vendredi
cette zone existe. Le 1er juillet 1977 a vu disparaître
s de douane qui séparaient toujours la Communauté
sation européenne de libre échange (Aele).
e à voir si le morceau de sucre européen se dissoudra
ntenant dans cette tasse de thé bien britannique.
e, au contraire, notre solidarité compensera-t-elle
ue cette liquidité.

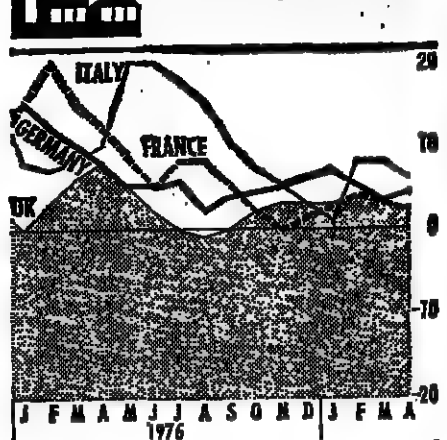
Pangloss

FOREIGN TRADE



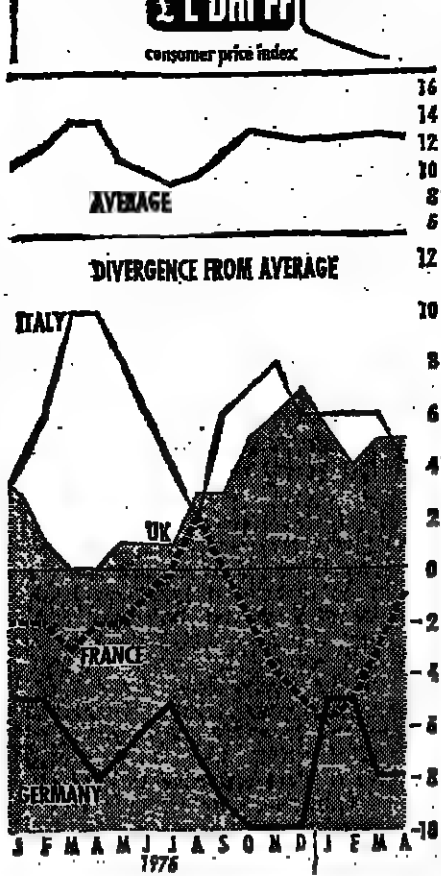
Foreign trade: In April the rate of cover of imports by exports, calculated fob-cif and seasonally adjusted, deteriorated slightly in West Germany from 118 to 116 per cent, and similarly in Italy from 90 to 85 per cent. The same happened in May in Britain, where the rate fell from 91 to 87 per cent. France alone has maintained its level of 92 per cent.

INDUSTRIAL GROWTH



Growth: In April, growth in all countries declined; this was particularly marked in France and Britain, where the rate was only 2 per cent. West Germany still has 4 per cent growth and Italy 6 to 8 per cent.

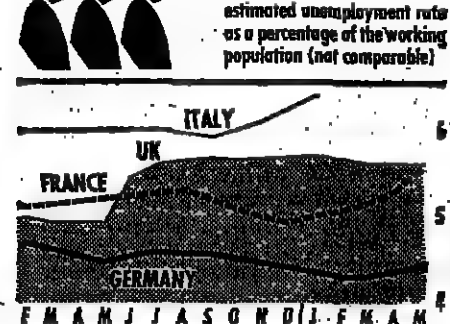
PRICES



Prices: The average rate of inflation declined slightly. It is still about 11 per cent in France, with a better result of 0.9 per cent in May against 1.3 per cent in April. It fell in West Germany from 5 to 4 per cent. Some decline is also visible in Italy, where it fell from 17 to 16 per cent, and in Britain from 18 to 17 per cent (because of a good month in May, when prices rose by only 0.8 per cent).

	Rate of growth	Quality of growth		Maintenance of growth	
		Prices	Unemployment	Productive capacity	Foreign trade
GERMANY	●●●	●●	○	●	●●●
FRANCE	●●	○	○	○	●●
ITALY	●●●	○	○	○	○
BRITAIN	●●	○	○	○	○

UNEMPLOYMENT



Unemployment: The rate of unemployment (seasonally adjusted) as a proportion of the working population rose in May from 5.3 to 5.6 per cent in France (a sharp increase) and rather less in West Germany, from 4.4 to 4.45 per cent. It was steady at 5.6 per cent in Britain.

FACTS AND FIGURES

Beating inflation could bring return to political confidence

Although much progress has been made since 1974, inflation is still a threat to Western countries. Except in a few countries—West Germany is an instance with a rate of 4 per cent—inflation has not yet returned to single figures.

In the United States, inflation in recent months has been at 10 per cent; in France and Britain—where industrial production is growing at the miserably slow rate of barely 2 per cent—prices are still rising fast, by 11 per cent in the former and 17 per cent in the latter. The poor results in the United Kingdom are all the more surprising because growth in wages has slowed down (less than 7 per cent a year in April 1977), sterling has been remarkably stable for several months, minimum lending rate has come down from 15 to 8 per cent, and the growth in the money supply has slowed noticeably.

The same could be said for France, although more recently; wages in particular are now rising at well below 10 per cent, and the franc is firm. After the financial aid to its Government, Italy is following the same path with the first reduction in the discount rate from 15 to 13 per cent, made possible by the stabilization of the lira.

Will all this undeniable progress finally have its effect on the price indexes? The governments of these countries claim it will and offer explanations and promises which have a number of points in common, all in varying degrees—blaming abnormal weather and food and farm prices for the slowness of results. This is particularly true of the United States where the cold snap and the drought pushed up wholesale prices in the beginning of 1977. In France prices of fruit and vegetables have jumped so remarkably that the Government has felt obliged to step in to freeze wholesalers' margins.

Another culprit is the cost of imported raw materials: movements in these are well represented by the Moody's or Reuters indexes of commodity prices, which have nearly doubled between April 1976 and April 1977. Further explanation of the recent explosive inflation can be found in measures taken by the governments in their efforts to stabilize their budgets.

In Britain, for example, the rapid increase of 2.6 per cent in April was, in large measure, caused by the in-



The April rise in inflation in Britain of 2.6 per cent was caused largely by the increased taxes on petrol and tobacco.

crease in taxes on petrol and tobacco. Similarly, the French cost-of-living index in the same month was affected by a 6.5 per cent increase in the prices to economic levels and repair losses.

Yet another factor in several of the countries has been the success of firms in reestablishing margins and internal funds, although the governments are less happy for political reasons—to discuss this, except in West Germany.

What conclusions can we draw for the course of inflation over the next few months, and for the period up to the end of 1977? The governments point out that the price indexes will be affected for some time by past events and measures, but that these effects will die out, and the second half of 1977 will show a marked improvement on the first. Thus, by the end of 1977 inflation in the United States should be little more than 6 per cent, with rates of 12 per cent in Britain, 8 per cent in France and 15 per cent in Italy. Can we really hope to see these figures, or something close to them?

There are signs which would encourage optimism about future developments: for almost two months the price of raw materials has dropped again, as shown by the Reuters index which fell from 1,750 at the beginning of April to 1,610 in June, a drop of 8 per cent. Thanks to stability of exchange rate, this already shown up in the French indexes of imported raw materials, where prices fell by 1.3 per cent in April and 6.2 per cent in May. Now we can expect an improvement in the course of wholesale and retail prices. It is worth noting that in the United States wholesale prices rose by 0.4 per cent in May, because of a 2.3 per cent in farm prices, after two increases of 1.1 per cent in March and April, and retail prices for May increased by only 0.6 per cent.

The prospect of a general improvement in inflation by the end of 1977 will be secure, if the foreign changes can be kept stable. This is more than the various price indexes are the true measure of progress in the fight against inflation. What is needed above all is continued wage restraint despite the inflationary outbreak of the first half of 1977. That will be hard to achieve, and we can expect governments strengthening their actions by various artificial means such as the price freeze in France or increased allowances for earned income in Britain in the course of a critical period from July to October when success is essential in order reap the benefits of earlier efforts.

At present, all eyes are on the United States, which is serving as forerunner for the West in its campaign for a return to growth and stability. The recent stabilization of interest rates and the money supply (after last month's anomaly) is an encouraging sign.

A return to more normal growth cannot be achieved simply by an increase in consumption and car sales, or in the case of Japan and West Germany, by exports. There are enough in the present conditions: recovery is also needed in the construction industry and in corporate investment. In the United States there has already been a vigorous improvement in building, with work begun on almost two million new houses. Nothing similar has appeared yet in the other countries.

Productive investment, even in the United States, has not reached the level necessary for recovering lost ground and ensuring the durability of recovery; this despite a further upward revision in firms' forecasts for 1977. A recent American survey of factors restraining investment shows that uncertainty about inflation played a leading role, through its effect on the element of confidence in calculations and on interest rates.

This shows the importance to Western countries of winning the new round against inflation: success could lead to a return of economic confidence, and perhaps also the political confidence which goes with it. If laxity is being eroded by the present poor results, no matter which policies are in power.

Maurice Bommersat

United States: comparative situation and influence

Industrial growth ●● (●●)

American industrial production spurted in April-May at an annual rate of about 10 per cent. This may well slow down in the coming months. The index of leading indicators, which jumped 1.8 per cent in March, rose only 0.5 per cent in April. This does not mean that the rise in gnp, which was 6.4 per cent in the first quarter, is less likely to reach 8 per cent in the second quarter, given the strong increase in industrial production in April and May.

Prices ○○ (○○)

Wholesale prices have shown a marked slowing down, rising only 0.4 per cent in May compared with 1.1 per cent in March and April. There was an improvement also in retail prices which in May increased by only 0.6 per cent.

Unemployment ○ (○)

The rate of unemployment as a percentage of the working population receded further in May, although less strongly, decreasing from 7 per cent to 6.9 per cent, which is the best figure for the past two and a half years. The working population is still growing at a rate of almost 400,000 a month, and at present stands at 90,400,000.

Productive capacity ● (●)

The rate of use of capacity in manufacturing is still rising, and went higher than 83 per cent in May. Firms have recently revised their forecasts of investment upwards from 12 to 18 per cent in money terms and 7 to 11 per cent in real terms.

Trade ○○ (○○)

After the high deficits in the first four months of 1977 of more than \$2,000m a month fob-fob and \$3,000m fob-cif, the month of May begins better, in effect the corresponding deficits are not more than \$1,200m and \$2,000m.

Influence on the four countries

Monetary and financial: Interest rates have continued to rise in the United States. The prime rate, which had risen from 6½ to 8½ per cent, increased further two weeks later to 9½ per cent. This was, it is true, followed by a slight reduction by Morgan Guaranty and several other banks to 8½ per cent. Too large an increase would create difficulties for Britain, where minimum lending rate is down to 8 per cent. The problem would be smaller for France, where interest rates are still falling, and in Italy the discount rate—all high—has been reduced from 15 to 13 per cent.

Economic: American growth, which is proceeding vigorously, could well see its advance supported soon by a resurgence of investment. That would give an example and basis for confidence to the four leading European countries, which—including West Germany—have been trailing.

○ Poor ○○ Bad ● Fairly good ●● Good () Previous performance

Companies lured by lower US labour costs

The Brunswick camera manufacturer Rollei, which already has its own factory in Singapore, is taking over the photographic products division of the American firm Honeywell. Nixdorf, a medium-large producer of medium-large computer installations, is buying an American manufacturer of electronic data processing equipment.

These are two examples from the recent news with one thing in common: middle-sized firms are taking the risk of setting up their own production in the United States, which was until now a target for their export marketing. In this they are following in the footsteps of the giants like Siemens, Bayer, Bosch or—the most recent spectacular instance—Volkswagen.

It remains to be seen whether this is a new trend. In general, European direct investment in the United States has risen more in recent years than American investment in Europe. At the end of 1975 (the latest year for

which figures are available), however, the ratio between the two was roughly one to three (EEC investment in the United States \$13,600m; American investment in the EEC \$39,100m).

The motivations behind the move towards the United States by the smaller firms are varied in any case. Besides the question of costs, which is otherwise paramount in deciding on foreign commitments, we have also, for example, the desire to participate directly in the technological innovation taking place on that side of the Atlantic (as in the case of Nixdorf, or the takeover bid by Siemens for the almost bankrupt manufacturer of building components, Litronix). Clearly, it has also dawned that the needs of the largest market in the West cannot, in the long run, be met from abroad.

But another motive will have been involved, which has already led other firms, including smaller ones, to invest abroad, in particular in low-wage countries: the relatively high cost of labour in West Germany.

Calculations by the Institut der Deutschen Wirtschaft for 1976 show West Germany leading the six big Western industrial nations in the labour-cost league table for the first time. The United States, which had headed the list for a long time, has been relegated to second place. This means that what had been almost a traditional barrier to investment in the United States has disappeared.

A leading factor in this was the sharp rise in indirect costs for labour throughout Europe, because the calculation was on a Deutsche mark basis, the movements in exchange rates also played a part. This was an important element in the case of Britain, where the weakness of the pound meant that the United Kingdom had the lowest figure (DM7.50 an hour) of the big six. Sweden (one of the smaller industrial countries in the complete table) has by far the highest cost, almost three times as much.

If we look at wage costs alone, we get a very different picture. Now

America becomes an easy leader among the bigger countries.

In making these comparisons we must be careful to remember that the conversion to Deutsche marks at rates prevailing at a particular time can lead to some distortions. Conversely, for export-oriented economies the parity of their currency affects their competitiveness, so that this approach is not so unrealistic after all.

If labour costs were the only factor influencing a firm's choice of location, then the Irish Republic and Britain would be the most attractive prospects in the countries examined. But we know that this is not so, because productivity, as well as labour costs, is important, as are the economic and social environment and political stability.

A study by Cambridge University among international firms in 1976 showed that labour productivity was about 50 per cent greater in the United States, 27 per cent higher in West Germany, and about 15 per cent higher in France than in England.

Compared with America, Europe has one major disadvantage: the small size of European markets means that production on the Japanese or American scale is not usually possible. Productivity is also affected by such things as strikes, differences in labour input and the worker's willingness to work.

The magnitude of the differences is shown by a study by the British Central Policy Review staff on productivity of employees in the car industry. According to this, the average value of cars produced per employee in 1975 was £6,539 at British Leyland; £11,087 at Volkswagen; £17,495 at General Motors (US); and £19,905 at Ford in the United States—almost three times as high as at British Leyland.

The most surprising thing to come out of the study, however, was that an employee at the British Ford works produced cars to the value of £11,397, which was actually more than his opposite number on the line at Wolfsburg (Volkswagen).

Joachim Weber

Country	Share of manufacturing exports (in %) (1976)	Labour cost per hour in manufacturing (in DM) (1976)	Total	Hourly labour costs 1975 (in DM) of which indirect costs per hour worked of which (in %)							
				Average hourly wage	Total DM	%	Paid time off	Statutory contributions	Agreed voluntary		
Industrial countries											
West Germany	16	17	15.66	9.80	5.85	37	29	42	29		
United States	19	16	16.10	11.83	4.27	27	36	24.5	37.5		
France	9	10.5	11.35	6.83	4.52	40	21	48.5	30.5		
Italy	6.5	9.5	10.60	5.66	4.94	47	21	55.5	23.5		
Japan	10	8.5	8.29	7.19	1.10	13	21	40.5	38.5		
United Kingdom	7.5	7.5	8.49	6.86	1.63	19	47.5	29	23.5		
Smaller industrial countries											
Sweden	3	20.5	17.77	12.71	5.08	28	28	61	11		
Denmark	1.5	16	16.81	13.96	2.85	17	61.5	21.5	17		
Belgium	5	17.5	15.91	9.66	6.25	39	31.5	50	18.5		
Switzerland	2.5	16.5	15.17	10.76	4.41	29	28.5	20.5	53		
Austria	1.5	11.8	10.07	5.62	4.45	44	17	37.5	46.5		
Republic of Ireland	0.5	8.5	7.34	6.01	1.33	16	40.5	46	13.5		
* estimated											
Source: Institut der Deutschen Wirtschaft.											



In 1976 West Germany led the six most important Western industrial nations in the labour-cost league table.

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THIS PAGE ON RELATIONS BETWEEN THE COMMUNITY AND BLACK AFRICA BEGINS WITH THE VIEWS OF A LEADING BUSINESSMAN

Political instability is overrated



Mr. Frazer Sedcole, chairman of UAC International: "We are fairly substantial employers in Africa."

There are many British companies with extensive interests in Africa, but none are more extensive than those of UAC International, the multinational trading subsidiary of the Anglo-Dutch giant Unilever. Three hundred years since it began as a product trader in West Africa, UAC International now has interests that extend from France to Polynesia, from timber trading to textiles.

Company policy is to apply the skills acquired in Africa in developing new interests elsewhere in the world. But the greater part of UAC's business is still in Africa, and more than half the company's earnings still come from there, as Mr. Frazer Sedcole, the chairman, explains to *Adrienne Gleeson*.

How do you feel about your investments in Africa in view of the political instability of countries there?

This business of political instability is overplayed. One has to distinguish between the fact that governments have changed more suddenly in Africa than elsewhere in the world, and their attitudes to business. Our experience has been that governments, even though their particular form has changed, have continued in most cases to welcome honest, well-run businesses; and we have always invested for the long term rather than the quick buck.

What about future investment in Africa?

We are investing as worthwhile opportunities occur in areas which we understand. Of course, we are automatically investing through the growth of our existing investments. That assumes that you are not remitting profits.

Nigeria is an important part of the total mix because its economy is so big, and there is dividend limita-

tion in Nigeria at the moment. So that inevitably means there are retained profits for the time being. In any case, we see it as a booming economy. Anybody who has a substantial position in an economy like that would not be very sensible if he did not continue to build on it.

What sort of things are you putting your money into now?

Mainly the existing operations, simply because the real resource limitation is people rather than finance. The problem is to find the management, and also in some places to find sites.

It sounds as though the sort of operation into which you are expanding is something that absorbs working capital rather than fixed assets.

Yes, that has tended to be the nature of the UAC traditionally. Although we have manufacturing skills our basic skills have been in trading and distribution. But it is still investment.

Most new investment in Nigeria comes from retentions; what about elsewhere?

In general most expansion over the past year or so happens to have come out of retentions... but I cannot think of any substantial investment we have made because we have been unable to remit.

What is your attitude to the business of dividend limitations and restriction on remittances?

I cannot think of any of our investments of any substance where dividend limitation has proved a serious embarrassment other than temporary. There are always odd situations, such as in Zaire at the moment, where the foreign exchange position of a country is so difficult that while one may be unhappy that one cannot remit immediately, one cannot help but be sympathetic and understanding. Our worry

would be if we saw a situation in which a government as a matter of principle rather than expediency decided on limitation.

What about countries—say, Ghana and Nigeria—where you have been asked to divest. Are you happy about it?

Of course we are not happy about it. But that does not mean we are not still happy to have 40 per cent of the Nigerian business, which is the other side of this coin. I hope that this pressure for participation dies down, not just because there is value in foreign investors having a reasonable stake, but also because in the long run it does not necessarily contribute to the economy of the country which does it. For a start it absorbs local savings into existing enterprises rather than getting it into new enterprises. Of

course over a period it may divert the flow of foreign exchange devoted to dividend payments, but in the short run there is a capital outflow.

Where the price at which shares are transferred is lower than one would see in an international market, it has the odd effect of setting the standards of acceptable profitability and yield for new ventures extremely high.

You mean you have to obtain a high return to compensate?

Yes, so in the long run I guess it is inflationary.

Can you tell me about the people you employ?

We are fairly substantial employers in Africa. At the end of last year the total number employed by our subsidiaries was 42,000, of which roughly 32,000 work in Africa—and there are another 20,000 employed by our associated companies.

How many of those are expatriates?

There are not many non-management expatriates... I have to split the total between francophone Africa and the rest of Africa because the pattern is quite different.

Why?

I suppose because the attitudes France left behind—particularly in the Ivory Coast, but in other countries too—resulted in a rather slower pace of Africanization. In non-francophone Africa we have nearly 1,750 people in management, about 250 of whom are expatriates. In francophone Africa we have about 350 in management, of whom 195 are expatriates.

What is your policy over Africanization?

We have believed for a long time that we should encourage the development of nationals, as fast as we practically can without debasing our coinage. Having said that, the name of

the company is UAC International, and we do believe that we shall lose something if we do not always keep a leavening of international management.

I hope that in years to come that will be not just a matter of Europeans working in Africa and Africans working in Europe, but also of Africans working in African countries other than their own.

Do you have any quarrels within countries in Africa because people think that Africanization should be happening faster?

Yes, all the time. But this is not something peculiar to Africa. I have sympathy with countries which impose quotas (on expatriates). I think they need to be imposed with due consideration for commercial needs, but I do think it is sensible simply because human nature does not find change easy.

I would say we have 20 per cent less (expatriates) than we need, and governments would always say that we have 10 per cent more than we need, and the truth is probably that we would be commercially more effective with slightly more.

The implication of that is, is it not, that your standards are slightly lower than they ought to be?

That is a logical conclusion. I suspect that what actually happens is not that standards are slightly lower but that our efficiency is slightly lower—there are three people doing a job that could be done by two.

While we are on the question of standards, what about the business of presents, or palm greasing. Do you take a pragmatic approach, or lose business through adopting a high moral tone?

We are pragmatic; we do not lose business. Nevertheless, besides the

moral aspect, we find our parent company have strong views. I do not believe that giving presents is either necessary or sensible. We have never found it necessary, and if ever a situation did arise in which it was necessary we would withdraw rather than do it. Apart from any question of palm greasing, what do the people of the countries in which you operate get out of it? Here are you, a foreign company, making money out of the locals—why should they tolerate you?

I do not believe in this peasant economy approach. The sum of wealth in a country is not a finite thing, it is something that can grow. If we end up with a reward in the form of profits, it is presumably because we have offered a service which someone considered was worth a share of his income.

What do we bring? The benefits of stability; we are not fly-by-nights. We have always been absolutely straightforward in terms of paying taxes. We make contributions in the amount of training which we do, in the fact that we are part of a big family and have access to experience and knowledge and people which would not be available to a smaller business.

We have in the past—and we will in the future—attracted activities to those countries which would not have come without us. We could with honesty claim that in many parts of Africa we are preeminent in our knowledge and our standing.

It does not mean that we are so dominant that other people do not act as a free enterprise stimulus, but particularly in West Africa we would claim to have been around at least as long and probably longer, and to be more widespread than others. In general terms, when I talk to government officials, I get the feeling that we are more often welcome than not.

Reciprocal requests for code of behaviour

The four largest countries in the European Community have all been colonial powers in black Africa. And while Germany's colonial experience ended with the First World War, and that of Italy with the Second World War, France and Britain have preserved their role until the 1970s—until, that is, the great historical twilight of classic colonialism.

Relations between Western Europe and Africa south of the Sahara are still to some extent determined by these realities of the past. In particular, the fact that the French and British retained more or less direct administrative power over large parts of the continent for a greater length of time has led, after decolonization, to the formation of two large blocks—English-speaking and French-speaking Africa, in which the presence of the respective ex-colonial powers almost always remains a dominant factor.

In general, those historical and cultural ties have only been slackened as the result of sudden political breaks. As far as Italy is concerned, this is what happened in the case of Eritrea, which was absorbed by Ethiopia and has been in revolt for the last 15 years. In the case of France, it is what happened with Guinea, and it was the same story with President Amin's Uganda, where Britain was concerned.

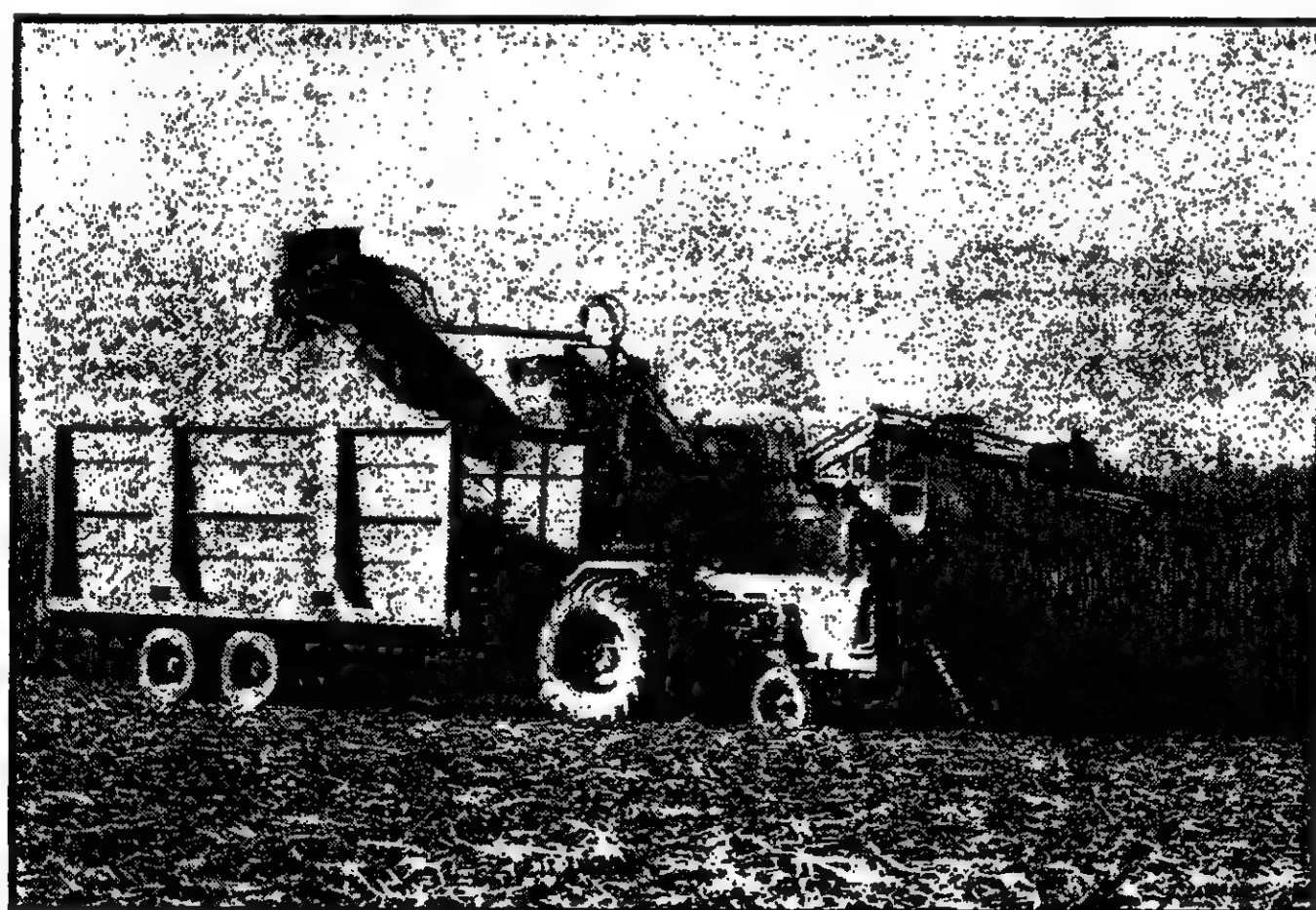
Another element that, in one place or another, has eroded even the better initial placing of the ex-colonial powers, was the political competition of the super-powers, with their sometimes unscrupulous strategy of penetration in pursuit of extra-continental aims of reciprocal encirclement. And finally, as far as bilateral relations are concerned, especially investment by private groups, the trend in recent years has been one of ever-increasing caution. The fear of nationalization, now based on hard historical experience, has discouraged real investment in the black African markets.

The request, which is more than justified, from African countries and, generally speaking, the entire Third World, for a code of behaviour for national and multinational investors, is matched by a request from the European business world for something similar from the governments. If the latter are interested in investment, then the European financial and industrial circles claim—they cannot leave investment unprotected.

The greater part of investment by Western European countries in black Africa takes place on a multilateral basis. There are many channels, of various types. A first distinction must be made between finance under the heading of "aid", such as is provided by the International Development Agency (IDA) of the World Bank at low rates of interest, and finance at market rates. Loans of this kind are granted by the World Bank through the International Finance Corporation (IFC) to private firms which invest in the developing countries, with "minority" shareholdings by the governments concerned.

This last type of finance, which involves the governments, albeit with minority shares, is in practice limited, in the sector we are concerned with here, to two countries alone, Kenya and the Ivory Coast. The World Bank also grants loans direct to governments to enable them to take up shares in investments, thus correcting to some extent the limitations of the IFC.

There is also the work of the European Economic Community, with its European Development Fund devoted to action in the countries that were signatories to the Lomé Con-



vention, the so-called ACP countries (Africa, Caribbean, Pacific). In its first year's work after the Lomé Convention came into force—until last March—the EDF had invested \$66m in account in ACP countries. The projects that were financed were for the most part public works, schools, hospitals and agricultural development programmes.

Then, in their own respective areas of responsibility, organizations such as the Food and Agriculture Organization, the United Nations Development Programme, Unicef, Unesco, and the World Health Organization, are also active in the developing countries.

In addition there are regional financial institutions such as the African Development Bank, in which numerous European banks have an interest or the bank for East African development, which is the financial arm of the vacillating East African Community. There are also development funds, somewhat similar to the European

ones, in certain Arab countries, such as Kuwait or Saudi Arabia. In these cases aid is directed at Muslim countries, or at least those that are prevalently Muslim.

A typical organization is the Commonwealth Development Corporation (CDC) which provides economic aid even outside Commonwealth countries, financing projects and feasibility studies, providing management and generally taking up direct initial shareholdings, which are subsequently taken over by the individual governments. Then there is SIFIDA, with its head offices in Geneva, a financial institution made up of banks and private concerns, and formed with the promotion of investment for development as its statutory aim.

Finally, there are the same kinds of financial bodies for development in France, Britain and Germany—not in Italy, however, though the Italian Foreign Office has a technical assistance fund which finances the projects covered by the technical aid agreements into which Italy has entered with many African countries.

In Italy, there is no real development bank: there was at one time a proposal for the setting up of an overseas bank, but the name was not liked. Some people thought it smacked of a somewhat unlikely nostalgia for empire.

This is only one example of the confusion that reigns among many European politicians where development policy is concerned. Here is another: in Italy, they consider the application of a lower interest rate to the so-called supply loans—which are in fact export aids—as being aid to development.

From this brief picture of the main resources on which investment by Western Europe in Africa south of the Sahara is based can be seen the difficulties that are well known to anyone concerned with the problems of development.

It is also for these reasons, as well as—more generally—because of selfishness and economic difficulties, that the famous aim of the United Nations,

A Massey-Ferguson sugar chopper harvesting on an estate owned equally by the Swazi nation and the Commonwealth Development Corporation.

whereby the industrially developed countries would direct 0.7 per cent of their gross national product to the developing countries, is so far from realization. The Western European countries in particular could do a great deal more in the black African countries if only the international machinery, the guarantees and the control of investment were better organized.

This does not alter the fact that the European presence in the black African economies is still substantial.

Alfredo Venturi

Africa hesitates between East and West

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model was cautiously accepted by Africa as fair, if slow. But political uncertainties overshadow it. Where political chaos supervenes, a country can neither attract commercial investment nor aid from the European fund, the World Bank or anywhere else. Lomé or no Lomé, nothing now develops in Uganda or Ethiopia, though as ACP members they have trade access. Zaire is uncreditworthy and also suffers the consequences.

Bad administration inevitably slows down development aid and inhibits indicative planning, whether this be the kind of administrative incoherence that afflicts Zambia, or the eccentricities of the Central African "empire" of Emperor Bokassa. Indeed, what inhibits expatriated private investment may be said in most cases equally to inhibit official aid under the Lomé Convention. Worse still for Africa—the European taxpayer can rebel against wasting his money and can refuse to increase the funds available. From him there is no appeal.

It is also a question whether the new relationship can extend to Marxist states like Mozambique or Angola. Guinea-Bissau is a Marxist state which joined at the last moment. Some other Marxist states (the People's Republic of Guinea, the Republic of the Congo) also make some use of the development fund, while excluding all or nearly all commercial investment (existing investors having been often nationalized without compensation).

Since 1975 Russian propaganda has denounced the Lomé Convention as simply the old exploitive capitalism, and it is now uncertain if Angola or Mozambique will join, rather than demand third-country trade agreements like India, Brazil and others. ("All the more for us" would seem to be the proper ACP reply.)

But Lomé, to project a new image, needs to be visibly successful, and in the horn of Africa all that has been started or projected is jeopardized by the prospect of an Ethiopian-Somali war, with side effects for Sudan and Kenya, and an internecine struggle among the Eritrean secessionists.

In the south, the economic future is likewise veiled by the growing armed conflict in Rhodesia and Namibia. South Africa no longer attracts foreign money—deprived by its political

stance from the boom that alone would float it on to a happier multiracial-multinational society in which power was shared and racial harmony prevailed. The importance of the republic to Europe hardly needs emphasizing. If Britain lost its trade and investments in South Africa its standard of living might fall by a further 4 to 6 per cent.

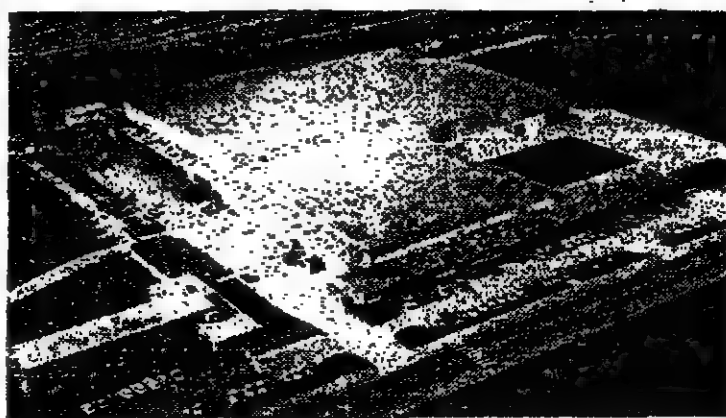
Indeed Britain's gain from Lomé is that it "Europeanizes" its stake in southern Africa, and readers the choice between white and black Africa (if it ever comes) a matter for Brussels even more than for Westminster. It is no longer possible for Germany, France and the others to allow their businessmen to evade the Rhodesian sanctions and leave Britain alone to keep up pressure on the Smith regime and negotiate a solution.

One might simplify the position in 1977 by saying that Africa is hesitating, between entrusting itself to the Marxist doctrine carrying Russian intervention that will help forward by force of arms black rule throughout southern Africa, and the doctrine of the Lomé Convention which gives equality and development, and is consistent with African advancement in the south by slower, but peaceful, negotiation. That choice is not yet made. The inter-African debate upon it has begun with some states leaning eastwards, some westwards.

Europe offers Africa much and should not despair that the Russians will carry all before them. Western aid demonstrably works. It is given without strings, without domination and in consultation (the Russians give only guns and indoctrination). Europe is still the cultural, business and social metropolis of the African elite, the rising African middle class. In Europe many Africans find a freedom and fulfilment (despite the problems) which seems to be a necessary corollary to their pride in their own homes (where individual freedom may be less).

The modern African personality needs, perhaps, the afterglow of the two cultures that he inherits: Africans even desire to be sophisticated "men of two worlds". Africa suffers from such men as Amin, Macias and Bokassa; Europe's problem is dealing with the neurotic Afrikaner personality. Perhaps out of this dual problem an Afro-European solution will emerge in which freedom and equality in both continents will support each other. But meanwhile, plainly, a crisis approaches.

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BRUSSELS BACKSTAGE

Few friends for the British

The British have made few new friends in Brussels in the past six months. Few governments have been criticized so much for the management of discussions in the Council of Ministers. And to "Council power" has ever admitted so blatantly that it is primarily concerned with looking after its national interests in Brussels even during the term of its presidency.

It was in the past one of the unwritten laws of the Community that the country occupying the presidency should feel more than ever obliged to promote decision and facilitate compromise. Many a minister in this position has temporarily set aside his own national interests and made political or financial sacrifices.

The British have been less happy about this than others. They risked a crisis when they took the traditional marathon on agricultural prices to the brink of collapse: they blocked a decision by the ministers with responsi-

bility for research on constructing the Joint European Torus (JET) because there was not a majority of the partners for the British site at Culham in the vote; and they provoked the Irish into going it alone on fishing policy, although a Community solution was in sight which had been worked out by Dublin and seven other Community countries.

By the end of the British presidency even circumspect heads of delegations were giving vent to their displeasure. Increasingly the British were being criticized as being actually uninterested in the outcome of the discussions and failing to do the necessary political groundwork without which compromises are not even possible.

Despite all this it would be unjust to attribute the main blame for the shortage of important decisions to London. Several ministers, for example Dr David Owen, the Foreign Secretary, or Mr Denis Healey, the Chancellor of

the Exchequer, convinced even the sceptics in Brussels. Hardly anyone could have expected an enthusiastic response from politicians like Mr Tony Benn, Secretary of State for Energy, or his colleague Mr Peter Shore, Secretary of State for the Environment, two decided opponents of British membership of the EEC.

In its defence, the Government can point not only to the fact that a number of the decisions in the pipeline affected particularly vital interests for the United Kingdom; the British ministers also showed more firmness than others under the daily pressure to justify every sacrifice made at Brussels even to their own colleagues.

The British Government is not the only one showing signs of political weakness: in most other capitals in the EEC government is a difficult process. This often produces insuperable obstacles to decisions which are not concerned with everyday vital inter-

ests. Any minister has to "sell" compromises with great care in the rough world of national internal politics.

This is why the Council of Ministers for some time has not been viewed by most governments in the way that the Treaty of Rome lays down: as an organ of the European Community. Instead of seeking the largest common factor between the Community and the national interests, they are concerned generally with finding the least common multiple of the member states. The Council has become a conference of governments of the classic type, with scarcely the political strength to achieve a community of interest that looks further ahead than next day.

A symptom of the state of affairs will be the next time that the West Germans do the arithmetic to see if on balance Germany is paying more into the Community than it is getting out of it, and likewise when the word goes out from the top in France to

buy French goods wherever possible.

The foreign ministers prefer to concern themselves with the Community's image abroad in their meetings, rather than with its internal strength. They thereby shirk the duty of coordinating which remains after the specialist departments have done their work. Which top diplomat is really interested in "technical" points on the daily agenda, such as the harmonization of regulations, or complicated problems in trade in steel or textiles? On the other hand, the foreign ministers are not willing to leave these matters to their specialist colleagues.

These are often too plagued to get together on more than minor compromises. They meet—with the exception of the agricultural ministers—at most only once or twice a year. Their departmental responsibilities leave them little room for generous political gestures; sacrifices can be managed at home only if they can be placed in

a wider political setting and appraised accordingly.

Decisions are held up by the lack of the principle of majority decision, but even more by the unwillingness of many politicians to force the work at Brussels through to a conclusion. Every year about 20,000 experts appear before special committees of the Council. In spite of this, a heap of problems sits on the shelf waiting for discussion, because nobody has the courage to take political decisions on controversial questions.

The British deserve to be criticized if they have used their term of presidency for their own ends. But when it comes down to it, any amount of commitment to Europe on the part of individual heads of delegations can do little to alter the fact that progress in the Community is getting more difficult every year.

Wilhelm Hadler

Time to think about EEC of 12

On July 1 the presidency of the European Community passed to Belgium. Almost as if in preparation, Belgium has turned over a new leaf with the change of government a month ago which puts Mr Tindemans back in the driving seat for the second time. Who could fail to be pleased, because European affairs are dear to him.

The presidency falls to the Foreign Minister. The new incumbent is Mr Henri Simonet, 47 years old, and a Socialist deputy at Brussels. He has been Belgian Minister for Economic Affairs and served on the European Commission from 1973 to 1976, when he was responsible for energy policy, fiscal policy and finally for the iron and steel industry.

The situation is favourable for this intelligent and ambitious man: the Community is emerging from six months of a British presidency marked by tension, irritation and lack of success, and it should heartily welcome every attempt to revitalize it. Moreover, the international scene after the first half of the year is ripe for action, with a number of decisions the Community has to make, after postponing them until now. The Carter Administration is settled in, and has passed the stage of making declarations about its intentions.

On other fronts, the economy, which has seemed for months to be wavering between crisis and recovery, is tipping firmly in the wrong direction, which makes organized action essential if the danger (which is by no means theoretical) of disintegration of the Community is to be avoided.

He sums up the Community's foreign relations under four carefully thought-out headings. According to him we must "make another serious effort over multilateral trading relations" and agree at last to try to draw up a policy for "modified free trade". "If we cannot settle on a few key ideas, protectionist pressures are bound to build up in the United States, Japan and Europe." For him, this means resuming the debate on the role and resources of the international trade institutions, while the Community considers what policy to adopt for restoring its balance of payments on a permanent footing, particularly with Japan.

Then there is the question of enlargement. "Up to now", Mr Simonet observes, "the dialectics of enlarging the Community have been simple: governments have concluded political agreements and taken it that people will fall into line." Time is running out: the EEC cannot go on dodging

the issues if it wants to avoid disaster—for example, by rubbing along with the contradiction in proclaiming that it favours a quick agreement with Greece on the one hand, and explaining at the same time (but without doing anything about it) that enlargement is only possible if certain conditions are fulfilled (agricultural and institutional reform). Mr Simonet emphasizes that "it is necessary to start thinking about the decision-making processes in a Europe of the Twelve without delay".

There remains the question of political cooperation, or the establishment of a joint diplomatic service, often the occasion of scepticism. Mr Simonet believes, however, that this must be built up in order "to move steadily towards the creation of a limited but undoubted kernel of European political power".

On strictly internal matters, Mr Simonet intends to tackle the highly political question of the basis of member states' contributions to the EEC budget, which, according to the timetable, should be financed by the Community's own resources as from 1978.

Philippe Lemaître



How does the postage rate?

Postal traffic in Britain has fallen by nearly 10 per cent. As a result, the French postal service now handles the largest number of items in Europe while the British one has dropped back from first to third place. Recent figures for Italy are not available but in 1974 the country made far less use of the post than the other European countries.

The postal revenue figures reflect not only the scale of the traffic but also the rates charged. Postage in Britain is fairly cheap so in revenue terms the country has lagged behind France and Germany for some time.

One way of comparing the efficiency of the countries' postal operations is to calculate the number of items posted per employee. The table of efficiency and costs shows that on this measure in 1974 the British postal system was the most efficient while the German performance was surprisingly bad.

Some adjustments might be made to these figures. In Britain secondary post offices are run on an agency basis by 22,000 sub-postmasters. Even though they are not engaged full-time on postal matters some allowance should be made for their labour. Furthermore, 60,000 of the 283,000 German post office staff work on non-postal operations chiefly on monetary services. The best that these adjustments could do, however, would be to move Germany into third place ahead of Italy in the productivity rankings, still leaving Britain as the most efficient service in 1974.

Another criticism that might be made of using items per employee as an index of productivity, is that the composition of the post varies between countries. Examination of the figures, however, does not support this view. The big difference is probably that France does not have a parcel service while 2.6 per cent of all items posted in Germany were parcels compared with 1.7 per cent in Britain and 0.3 per cent in Italy.

None the less, if we compare average revenue per item with the minimum letter post rates, the result does not suggest that the good performance of Britain compared with Germany and Italy could be caused by differences in the difficulty of the postal items handled. One reason for the low level of Italian productivity is the service's lack of mechanization. In 1974, for example, the Italian postal service had only a tenth of the number of motor vehicles operated by the other countries.

James Rothman

The size of the postal services

	Number of items ⁽¹⁾ ('000 millions)		Number of staff (thousands)		Postal receipts (£m)	
	1974	1975-6	1974	1975-6	1974	1975-6
UK	11.0	10.1	175	174	790	1090
France	10.5	12.0	200	208 ⁽²⁾	1180 ⁽³⁾	2400 ⁽³⁾
Germany	10.2	10.7 ⁽⁴⁾	283	277	1250	1800
Italy	7.0	na	167	na	360	540 ⁽⁵⁾

Sources: 1974 figures: Union Postale Universelle Statistique des Services Postaux; 1975-76 figures are derived from annual reports and may not be comparable; UK to March 1976, France to December 1976, Germany to December 1975. na—not available.

- (1) Correspondence and parcels.
- (2) Accounts figures adjusted to match UPU data.
- (3) Produit Budgetaire.
- (4) Accounts show no change over the period. The apparent increase is because of differences in definition.
- (5) 1977 forecast.

Efficiency and costs

	Items per employee (thousands)	Current cost for a minimum weight letter Domestic and EPU ⁽¹⁾ (pence)	Cross-Channel (pence)
	1974	1975-76	
UK	62	58	7.9(2)
France	52	58	11.8
Germany	36	39	12.3
Italy	42	na	11.2

- (1) Domestic rates apply to letters sent between the six original EEC countries.
- (2) As from June 13.

The quality of service

	Delivery time ⁽¹⁾ (First class where applicable)	Number of letter boxes (thousands)	Number of post offices (thousands)	Number of Post Office boxes (thousands)
		1974	1975-76	
UK	92% next day	100	24	22
France	80% next day	146	28	122
Germany	+1 to 2 days	109	22	572
Italy	+2 to 3 days	54	14(2)	109

- (1) Working days.
- (2) Offices offering a full range of services. Figures for secondary offices are not available.

What price a dream

If I were given the choice between being called a Eurofanatic or a Eurotheologian—which are the two terms describing those who have taken seriously the European endeavour—I would choose the first one. Not because I consider myself a fanatic, though I am aware that without a certain amount of fanaticism, that is of madness, no great enterprise can be brought to fulfilment, but because theologians are generally so dry, no less those who write about the death of God (or of the European Community) than those who rewrite St Thomas or St Anselm of Canterbury.

Does Europe need a creed? Some people think it does not: not even a creed for simple people and for children at catechism like the Nicene Creed.

As the rule which governs our partnership is unanimity, and as wise people assure us that there would be no unanimity even on nine articles of faith (let alone 19 or 39) let us see what is likely to happen. We have built or accepted a system which some people call a Community, and most of the others a market.

In essence the system amounts to a customs union, plus a set of actions called Common Agricultural Policy, and a few paraphernalia, decorated with the name of "political coopera-

tion". The charter drafted by the founding fathers foresaw many other developments, principally an economic union. It also implied "a more perfect union", a sort of Canaan to which the various European tribes should patiently wander.

Speak now to most politicians in the nine countries about an economic union, and they will say—remembering the attempts of 1970-74—that the project is unrealistic. Ask them about a monetary union, also solemnly proclaimed in 1972 by Pompidou, Brandt, Heath, Andreotti and others, as a worthy goal, and they will smile amiably as one does to innocent children. It is clear that theologians and fanatics have been defeated, and that practical people have won the day.

What after this victory? The likelihood of unleashing a concerted attack on recession, unemployment and the despair of youth is close to nil: each country will be left to fend for itself.

The little we have achieved by a common commercial policy will collapse, exposing our countries thereby to a single-handed commercial war with Japan (and perhaps with the United States) and to the credit blackmail of the Soviet Union. We have not and shall not have a common energy

policy, which might safeguard us all from the Viking-like incursions of Opec into the North Sea, and in any case into our power stations.

Not having established, nor having the will to establish, a common industrial policy, we shall see the main sectors of our industry go downhill into depression, as a consequence of over-investment and foreign attack. We shall quarrel over a diminished supply of fish, fail to defend our merchant marines against Russian competition, and be incapable of building a communications satellite (let alone a military intelligence one).

All this is but small fry. How may we, in the long run, look at the American dollar (and at the United States multinationals), if not in the eye, at least not always from the viewpoint of the poor relation? How will we balance the Atlantic alliance, instead of competing against one another for a special relationship with the master? How will we talk to the Russians on the future of both Europe? Does our ultimate defence lie in a transcendental faith in our transatlantic saviour? Shall all of us, in the name of the blessed nation-state, acquire nation-state means of defence: a second class national cruise missile system, perhaps? Or shall a

large part of Western Europe resignedly drift into a similar status to that of Finland?

If we, as practical (and honourable) men, accept these consequences, we should be honest with ourselves and with our peoples. A Community enlarged to 12 or 13 countries will cover more or less the same geographical extension as the Council of Europe or the OECD: distinguished organizations, founded in 1948 and still shuffling on, like Chelsea veterans. Let us forget Monnet, and go back to Ariele.

If this is not what we look for, let us start wondering how—perhaps after the general elections in France and Britain, and in any case after the direct elections—politicians of good will may get together to prepare a sort of Nicene Council, which might be convened in 1980.

Some people may remember that 1980 was set apart by the Paris summit of 1972 as the date for the completion of the European Union. It might instead become the year in which we shall have to decide whether the 30-year-old dream has still any meaning whatsoever, or has to be consigned once and for all to the parchments of history.

Roberto Ducci

Liability without negligence

Europe's businessmen are worried. The EEC Commission is planning to impose a burden on them which they will find onerous or even intolerable. The key concept is "product liability". The Commission has placed proposed guidelines before the council which would be the basis for harmonizing the laws in the Community.

The guidelines lay down that personal injury or damage to property must be compensated for, without the need for proof of negligence. The Commission also sets out limits for the liability: DM66m for personal injury, and DM133,000 for damage to property. The liability would lapse after 10 years. The Community law is not meant to replace national statutes, but rather act in parallel with the national laws on product liability, which in most Community countries are based on the principle of establishing negligence.

The new guidelines will have the effect of considerably increasing insurance premiums for manufacturers, distributors and importers, because they state that the manufacturer of a product is responsible for injuries or damage caused "irrespective of whether he was aware of or could have been aware of the fault".

This is the point at which the European business world starts to tremble. According to this formula, the producer is liable even if his product took full account of the latest technical and

scientific developments at the time of manufacture. This transfers the burden of the development risks (which are quite unpredictable) to the commercial sector.

Manufacturers are not the only people in Europe who are seeking to make the draft guidelines more practicable. In future the distributors, wholesalers and retailers, and importers would be made liable to the same extent as manufacturers. The wholesaler or retailer does have a loophole if he shows who supplied him with the product. But if he puts his name—or a symbol associated with him on the product, he is liable with the manufacturer.

It is the importers and distributors who are desperate. They would be fully liable, although in most cases they have no idea what use is to be made of the products they supply. The distributor is often following the instructions of the end-producer, without knowing what the product is to be, but he would be fully liable notwithstanding. Even more questionable is that an importer would be liable who neither modifies nor even touches a product, who simply operates as a middleman, but does not have the escape that wholesalers and retailers have.

It is easy to see—and even to welcome—the Commission's idea: to protect the consumer in Europe from

faulty products from abroad. Business opinion is convinced that this cannot be done by making the importer of the products liable, as he is hardly in a position to express an opinion on the degree of safety of a product. An additional point is that the consumer's recourse would largely be to legal persons with limited liability, from whom he could not hope to recover much in serious cases.

Another point that has been raised is that the manufacturer is released from his liability only if he can show that he was not responsible for bringing the product on the market—which is logical—or that the product "was not faulty when it was put on the market". So what happens if a subsequent repair leads to a fault, businessmen want to know. They infer from this that the proof of a fault is to be furnished by the person injured by the product than by the manufacturer.

The business world is also pressing Brussels to restrict the liability in order to induce consumers to use the products carefully. The new guidelines, according to manufacturers, must not give carte blanche for carelessness; they feel that a sufficient defence for a producer should be to prove that his product was tested according to recognized methods of quality control.

Hans Banmann

Europa

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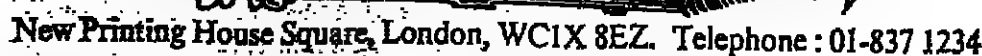
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The next issue of Europa will be published on Tuesday, October 4.

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use of "Chinaman".

Mr David Tang

Dr Joyce Wright (Letters, June) was probably right to regard the use of "Chinaman" as a derogatory insult for a Chinese twenty years ago, but I think much of its insulting undertone has disappeared nowadays. My *Shorier English Dictionary* (1972) at least renders "Chinaman" merely as "A native of China", and does not indicate that it is in any way offensive. Being myself, I have also concluded that it is with my compatriots that it would not mind to be called "Chinaman". Most of them, however, do consider it offensive to be called "Chinks", a term which is to have superseded "Chinaman".

For the precise intention of the Honorable gentleman Mr Tang, as well as using the word "Chinaman", I would think only of his scrupulous mind could con-

s faithfully,

DAVID TANG,

Harlow Mews,

Spithead Heath, NW3.

FINANCIAL NEWS

Marshalls dampened but still on growth tack

By Alison Mitchell

The unusually wet winter meant watering down of profits of most companies within the building sector. And Marshalls (Halsbury), the Yorkshire concrete product manufacturer-to-specialized engineer, proved no exception.

It followed a 16 per cent interim profit rise with an increase of only 6 per cent in the second half. The group thus ended the year to March 31 with pre-tax profits of £1.85m, a rise of only £187,000 on last time. This was on sales up from £16m to £18.6m, leaving margins slightly lower at just under 10 per cent.

Mr David Marshall, chairman, says that, despite the weather, the concrete and quarrying division performed remarkably, while on the engineering side there was a small contribution in profits. But exports for the year were down.

Despite "cloudy" prospects for the current 12 months, he believes there is a "good" chance that profits will be increased for the sixth year running. Underlining his board's confidence was a £1.5m capital investment in buildings, plant and equipment last year.

Its newest subsidiary, Higher Speed Metals, bought in February, made a small contribution and is at present trading well.

A final dividend of 6.44p gross gives a maximum per share total for the year of 7.94p.

Premier Oil plans four-point advance

Four main areas of advance are mapped out for Premier Consolidated Oilfields by Mr H. T. Nicholson, its chairman, in his annual report.

The first two are the US, where important dollar assets are to be deployed, and Italy, where the Regente field comes on stream.

In the north Sea, two exploratory wells will be drilled, and the results from another are expected. Finally, the group looks to other exploration areas, particularly the Sudan and Moray Firth.

Babcock poised to make full bid for Butterfield-Harvey

By Richard Allen

Babcock & Wilcox has picked up a 20 per cent stake in conglomerate Butterfield-Harvey and hopes to be able to make a full bid for the group within the next few days.

Babcock paid £1.3m or 45p a share to Sime Darby (London) for the holding. But news of the group's acquisition interest resulted in a 17 1/2 jump in Butterfield's share price to 59p, making the company's stock market value of about £8.3m.

A spokesman for Babcock said yesterday that Butterfield directors are to be invited to discuss the possibility of a takeover.

Meanwhile, directors of Butterfield were yesterday locked in discussions about the latest development.

Butterfield's interests cover a wide range including drop forgings, ironing tables, office furniture, marine engine distribution and fabrication. Babcock's interests, however, lie mainly in the group's Shelveke



Mr John King, chairman of Babcock & Wilcox.

& Drewry subsidiary which makes refuse disposal equipment and other municipal vehicles including fire engines.

This division accounts for more than a third of Butterfield's business and Babcock sees it complementing its own construction equipment and off-shore operations. Some of the group's component divisions could also fit in nicely on Babcock's engineering side.

The 20 per cent holding now owned by Babcock has been the cause of stock market speculation in the past. Bid hopes were high when Sime Darby bought the stake at 40p a share from William Baird.

Butterfield made record pre-tax profits of £1.7m in the year to April 1976, but the group gave a warning at the interim stage that the latest year's figures were unlikely to exceed this. Strong performances from several of the group's subsidiaries have been held back by reorganization at the Greenwicks factories—mainly fabrication and furniture—which have been hit by falling demand and a slump of the construction recession and government cutbacks.

Ball opening advance to slow

Continuing the rising trend of last year's second-half, plastic mouldings and components manufacturer W. W. Ball & Sons turns in record profits for the six months to March 31.

On turnover, up from £2.15m to £2.5m, pre-tax profits jumped 69 per cent to £422,000. The gross dividend goes up to 1.40602p against 1.2782p.

Mr James Ball, chairman, says the group is beginning to benefit from a capital spending programme which should see Ball moving to "much higher levels of profitability".

However, falling interest rates and increased contributions from subsidiaries BPF Products and Ball Plastics also helped.

Current orders are buoyant, and the full-time profit should "comfortably exceed" last time's £670,000—though the opening 69 per cent advance is unlikely.

English Assoc plans £1m rights issue

A rights issue to raise about £1m is planned by the English Association of American Bond & Shareholders. The issue is at 54p a share on the basis of 3

shares for every 2 held at July 1, and the cash will be used to expand the group's activities in the financial sector.

This is the group which last year recommended an offer of 36p cash a share following the purchase, at that price, of a 36 per cent holding in the group, Messrs A. Clarke, R. Cox, Johnson and E. Man, who have since joined the board.

This year, Seapay Commodities of Guernsey reduced its holding in the group to 25.8 per cent of the equity.

Better year at Alexanders as loan rates fall

The rapid fall in interest rates in the first three months of the year enabled the Alexanders Discount Group to achieve "materially higher" profits for the half-year to June 30. Mr John Glyn, chairman, says that since the end of the first quarter, more stable conditions have enabled the group to maintain a satisfactory level of profit.

The total level of dividend for the full year will be decided in

the light of trading conditions and regulations prevailing at the time.

If there is no change in dividend regulations the board intends to pay a maximum for the year. Meanwhile, the interim is raised from 5.39p to 6.39p gross.

Over the whole of last year the group turned in an overall surplus of £264,000 against £946,000, while a maximum dividend of 19.7p was paid.

Spending curbed but Hightams confident

Having already turned in taxable profits lifted from £704,000 to a best-ever £922,000 for the year to April 2 last, textiles group Hightams hopes to maintain the trend of improving earnings. Mr William M. Hightams, chairman, says this aim should be achieved despite the adverse effect of the pressures on disposable incomes.

Among the encouraging features in 1976-77 was the increased profit in the blanket and sheeting divisions in face of fierce competition. Tough going was also met by the spinning side, leading to a lower contribution.

Bulk of £24m Beecham spending went to UK

By Nicholas Hirst

Beecham spent £24m on capital investment—excluding acquisitions—in the year to March 31, the annual report and accounts disclose.

The majority went to developments in the United Kingdom and this will be the future pattern, Mr G. J. Williams, chairman, says, unless government policy compels the group to change course.

A £10m extension of the pharmaceutical factory at Irvine, Scotland, was completed during the year, giving a major increase in fermentation capacity and a new plant for production of penicillin feedstocks.

On the consumer products side a start was made on a £35m programme for modernising and raising the capacity of food and drink production and distribution.

Three acquisitions completed by the group included its largest ever—the purchase of the Calson consumer products business from the American Merck group for \$81m (£47m), a small family-owned toiletries business in Switzerland, and a small pharmaceutical company in Canada.

Group profits rose from £91.2m to £126.5m, but the chairman reported that although United Kingdom margins improved they remain below the level required to produce an adequate return on capital. Price controls were the main reason for restriction of pharmaceutical margins, which in the United Kingdom had fallen behind overseas.

An analysis of group sales and profits shows a rise in trading profit from £54.5m to £78.2m on the pharmaceutical side with sales up from £213.2m to £279.5m while consumer product profits rose from £35m to £44.5m on sales up from £335.4m to £441.3m. Royalty income increased from £8.4m to £9.9m.

During the year 11 out of the 14 directors reduced their holdings. The chairman's holding fell from 42,000 to 37,000 shares and those of Mr W. G. Peckley, managing director of Pharmaceuticals, from 21,000 to 5,000.

The shares yesterday were unchanged at 482p.

Sheepbridge Engineering Ltd.

Another year of record results

The Annual General Meeting of Sheepbridge Engineering Limited will be held on 28th July in London.

The following is an extract from the statement by The Rt. Hon. Lord Abernethy, the Chairman, circulated with the report and accounts.

The Consolidated Profit before Taxation for the year to 31st March last was £5,277,000, an improvement of some 32% over that of the previous year. The return on the capital employed at the year end was 21.7% compared with 19.1% in 1976, higher for the third year in succession.

Earnings per share increased from 5.7p to 8.8p.

These results, our best ever, can be attributed partly to our policy over the years of investing consistently in new plant and machinery regardless of the general economic climate, but they owe even more to the skill and dedication of the executives and management. To them and to employees at all levels who have contributed towards making 1977 another successful year, we give our thanks. In doing so, we believe that shareholders will feel our efforts in recent years have met with success.

Dividend Recommendation

The directors recommend the payment on 2nd August 1977, of a final dividend of 2.175p per share making, with the interim dividend already paid, a total of 3.414p. The total is covered 2.6 times and represents an increase of 10%. It is the maximum permitted under present Government policy. The directors further recommend that, if the Chancellor reduces the rate of income tax, and consequently of ACT (as he said he might) the extra amount which the Company will be permitted to add to the final dividend will be paid as a supplement and will, to save postage, be paid at the same time as the interim dividend for the current year which is normally paid early in January. The extra dividend will still count as part of the distribution for 1976/77 for the purpose of assessing the base upon which permitted increases in dividend in subsequent years are calculated.

There is clearly a long way to go before definitive proposals for inflation accounting are accepted. Meanwhile we see no purpose in presenting figures adjusted for inflation, which could be misleading in future comparison.

Strong Overseas Order Book

The value of direct export despatches was 30% higher than in the previous year and our order book for overseas markets is strong. Indirect exports, mainly in the form of components supplied to U.K. manufacturers for incorporation in products, which they sell

Summary of Results

	1976/7 2000	1975/6 2000
Sales to external customers	51,597	44,885
Group profit before taxation	5,277	4,003
Taxation	2,740	2,072
Profit after taxation	2,537	1,931
Dividends	966	878
Earnings per share	8.8p	6.7p
Dividend Cover (times)	2.6	2.1

abroad, continued to account for a big proportion of the remaining sales.

The depreciation in the value of the pound has helped in export markets, but overseas buyers are interested not only in price, but also in quality and in the ability of the supplier to keep delivery promises. We are in no way complacent, but we believe that in these respects our record is good.

Board of Directors

Mr. Tom Brown is not seeking re-election to the Board. He joined Sheepbridge Engineering Ltd. in 1949, was Managing Director from 1952 to 1973 and has been Deputy Chairman since 1967. During all this period the business expanded greatly in size and range and grew in strength and expertise. It gained a wide reputation as a manufacturer of reliable, high quality engineering products. The success of the Company in those years is a testimony to his energy and his ability. In particular he chose in Mr. Gunner an excellent successor to himself. I am sure that I speak for all our shareholders in expressing sincere gratitude to Mr. Brown and wishing him a happy retirement.

Lord Sandon joined the Board on 31st March 1977 and Dr. G. H. Hough two months later. Your Company is fortunate to have the services as directors of two men each eminent in his sphere: Lord Sandon in banking and finance, Dr. Hough in a wide field of engineering. Each will make a notable contribution to our affairs in the years to come.

Prospects

I repeat what I said earlier, and it is worth repeating. Our thanks, and those of shareholders, are due to all who have contributed to a year which shareholders may well think to be one of continued progress. As to the current year, orders on hand are higher than a year ago and we look forward with confidence to maintaining the Company's advance.

Sheepbridge Engineering Limited
Chestfield, Derbyshire, England

Bethlehem copper: Cominco bid too low

Cominco, the lead, zinc, silver, gold, chemicals and manufacturing concerns controlled by Canadian Pacific has now posted its \$18 a share offer for Bethlehem Copper Corporation.

The Lake Zone area body in British Columbia is jointly controlled by the two but they cannot agree on developing the 800m tons of low grade copper ore thought to be there.

Mr Patrick Reynolds, Bethlehem's vice-chairman and chief executive tells shareholders that the directors are convinced that Cominco would not be bidding \$18 a share unless it thought Bethlehem Copper was worth a lot more. The bid was too low.

Cockerill in red

Liege—Ste Cockerill-Ougree-Longdoz made another unsuccess-

International

filed loss in the first half of this year. The continuing crisis in the European steel industry and low productivity were to blame, director general M. Julien Chelais said.

The group made a net loss of Fr.1.92 billion in 1976 when it paid no dividend for the second year running.

Cockerill steel product deliveries rose nine per cent in May over April and new orders were 45 per cent higher leading to a mood of "cautious optimism", the director general added.

Cockerill has also signed a

technology cooperation agreement with Nippon Steel—Reuter.

Gelco Corp listing

A new listing on the Big Board, the New York Stock Exchange is on the way. Gelco Corporation has filed an application. The common stock is already listed on the National over the counter market. Gelco is an international transport group. European operations include the United Kingdom branch of Gelco International Corporation and the Transport International Pool division with 14 branches in Britain and 19 on the Continent. Transport International Pool is claimed to be the world's largest road trailer rental company.

ICL drive to widen penetration of 220 Series in North America

In a significant move to strengthen its position in the North American market, International Computers is launching its improved version of the ex-Singer System Ten small computer, the 220 Series, in the United States and Canada.

Introduced in Britain last February, the new machine has been launched in Chicago and Toronto during the past two weeks. Next week it is due to be launched in San Francisco, followed rapidly by similar events in Los Angeles, Dallas, New York, Boston and Atlanta, Georgia.

Mr R. J. (Spud) Taylor, ICL's vice-president, Americas operations, and President of ICL Inc, the United States subsidiary, sees the move as doubly significant.

For the existing base of about 1,800 System Ten users in the United States, he said in an interview last week in New York, it confirms ICL's positive commitment to continue development and provide software support.

For first-time users of computers, it provides a low-cost package which can compete effectively with IBM's System 3 and Model 34.

In the United States the 220 will be marketed by ICL's own sales force, based on 11 offices across the country, and by a network of outside agents. These agents in the main are software houses, who will market the computer in conjunction with their own software packages (typically for general accounting and stock control) developed for earlier System Ten applications.

Computer news

The ex-Singer 1500 Series and the ICL 2903 are the other two main products which the British company is selling in the United States at present.

Again the 1500 is being marketed in two ways: by ICL's direct field force and in conjunction with specialist applications packages through industrialised dealers.

An example of the latter is a package approved by General Motors for its Chevrolet dealers, which covers accounting, spares control, etc. This is being supplied to the dealers via their normal office equipment supplier.

"The United States is much more receptive to that kind of marketing", Mr Taylor commented, "so the idea of standard products, available off the shelf".

As for the 2903, which has proved highly successful in export markets generally for ICL, this is being marketed on a limited basis only in the United States at present, from the company's New York and New Jersey offices. This effort will be expanded into other areas over the next 12 months, on a "task force" basis using skilled 2903 salesmen from other parts of the world.

The company is taking a cautious approach to the introduction of its larger 2900-series models in the United States. A small team will be set up to test market medium scale 2900

systems next year, with a more intensive campaign planned for 1978.

ICL's manufacturing plans for the United States have gone ahead smoothly following the takeover last year of the international operations of Singer Business Machines. The System Ten and the 1500 Series are both in production at Utica, New York (and the System Ten also in Letchworth, Hertfordshire).

Transfer of the principal assets of the Cogar division of Singer to ICL was concluded last week. For the future, ICL's American interests are likely to include the acquisition of a mini-computer manufacturer and/or another company which would provide a maintenance and marketing organisation in the United States.

The United States is one of four geographical areas covered by Mr Taylor's "Americas" operations. The others are Canada, the Caribbean and Latin America. Headquarters of the group is in Atlanta, Georgia. Before the United States launch, the 220 version of the System Ten had already made its mark on the ICL sales figures. The present rate of orders, the company says, is 30 per cent better than in Singer's most successful year.

More than 260 of the 220 Series systems have been sold since February, in spite of the fact that the model has not yet been launched worldwide. It has sold particularly well in Italy, Britain, Germany, France and Denmark.

Kenneth Owen

Business appointments

Lord Orr-Ewing joins Dowty board

Lord Orr-Ewing has been appointed to the board of Dowty Group.

Mr B. Richardson and Mr C. E. Hughes have been made directors of Provident Mutual Life Assurance.

Mr C. A. K. Fenn-Smith becomes managing director of M & G Assurance group in September, when Mr F. E. Hughes-Oslew will be leaving to devote himself to his interests at Lloyd's.

Mr P. R. Barry and Mr P. W. E.

Duxbury have joined the board of Salicor.

Mr E. J. Hughes has joined Cope Allman International as finance director. Mr R. J. Bury has resigned from the board on retirement as chairman of the fashion division and Mr P. N. Clancy has become chief executive of the division.

Mr R. A. Evans is made a director of Fosco Minap.

Mr P. T. Fletcher has been made chief manager of the London branch of Credit Suisse.

Mr Henry Ball, managing director of Bower Packaging has succeeded Mr Frank Hayes, who has retired.

Mr Stephen Horner has become financial director of Agor Cross.

Mr Peter Whittington, Mr Terry Wall and Mr Desmond Brook have joined the board of Merrydown Wine.

Mr Goran Brandt has become managing director of Starco, formerly Kärcher Systems (UK).

A year of great significance for our Company

Points from the annual statement to shareholders of Selection Trust Limited by the Chairman, Mr A. Chester Beatty:

I regard the past year as one of great significance for our Company. The highly satisfactory financial results and the start of the development of the Agnew nickel project in Australia exemplify our progress towards our corporate aims.

Through mining ventures such as Agnew we see our Company obtaining the growth in earnings and return on assets which is our objective. Because of the time necessary to bring mining operations to the profit earning stage we recognised a need for a more immediate cash flow and we are meeting that need successfully.

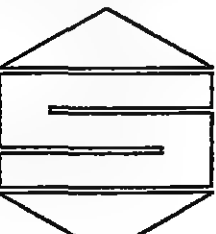
During the last financial year we increased our attributable profit by some 72%.

In parallel with our successful financial results there have been developments in the field which have a potential longer-term significance for our business.

By the end of 1978 we should be in the happy position of seeing three important developments come on stream, namely the Agnew nickel project, the Unisel gold mine in South Africa and the expansion of the K/13 gas field in the Dutch sector of the North Sea. In addition we may well have plans then to develop the Detour mining project in Canada.

We are in the process of evaluating the possibility of undertaking an open cast mining operation: Teutonic Bore in Australia, which is the newest discovery we have made in the course of our exploration for minerals.

Copies of the Statement and of the Annual Report are obtainable from Selection Trust Limited
Masons Avenue London EC2V 5BU



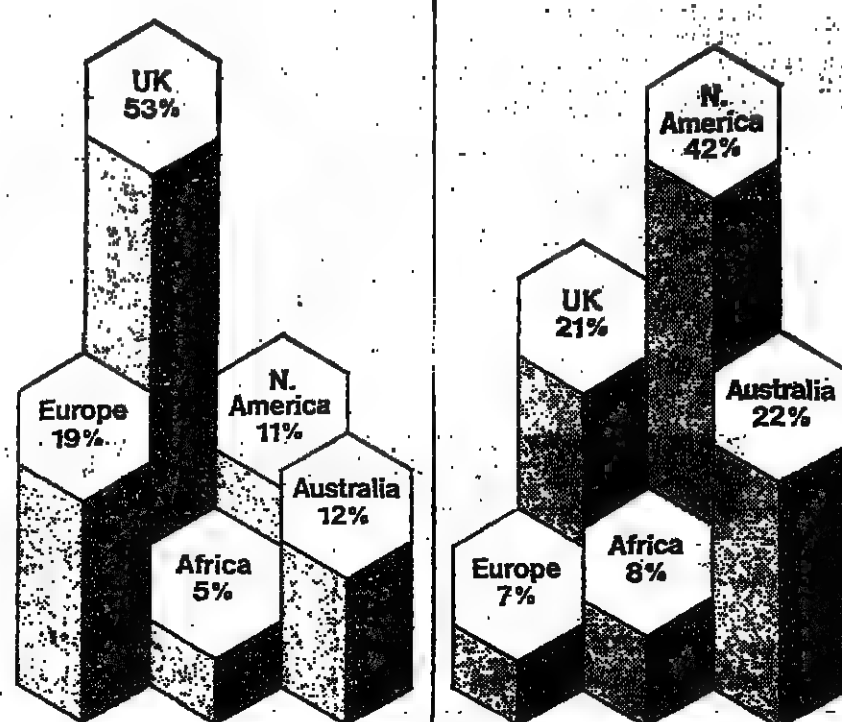
Selection Trust Limited

A British-based mining finance house with an international spread of interests and operations the most important of which relate to: mining, minerals and metals; investment; contracting and civil engineering; off-shore oil and gas.

	1977	1976
Revenue	£31,540,000	£21,036,000
Expenditure	£13,280,000	£9,315,000
Profit before tax	£18,260,000	£11,721,000
Net Profit	£10,480,000	£6,072,000
Earnings per share	36.0p	28.3p
Net assets	£197,000,000	£180,721,000

Gross Income

Gross Assets



Security against failure of natural gas supplies UK technology will help to span the vast energy gap facing the 1990s

By Kenneth Owen

Technology Correspondent

Sir Denis Rooke, chairman of British Gas, said yesterday that he did not accept the alarmist scenario that some people were painting about a vast energy gap in the 1990s.

Properly managed, he said, Britain's primary energy resources, in the shape of oil, gas, coal and the developing nuclear industry, could provide the country with the range of energy supplies that industry and consumers required for the foreseeable future.

Sir Denis was speaking at a British Gas technology conference at Cophthorne, Sussex.

Opening the conference, Dr John Cunningham, Parliamentary Under-Secretary of State for Energy and the Minister responsible for the gas industry, said that the biggest challenge facing the gas industry must be the eventual and inevitable decline in natural gas supply, and its replacement by synthetic natural gas (SNG).



Sir Denis Rooke: no acceptance of alarmist scenarios.

Last year, Dr Cunningham said, almost 40,000 million cubic metres of natural gas from the United Kingdom continental shelf was sold to British Gas, accounting for 98 per cent of the country's gas requirements.

Total reserves under contract to British Gas would support an average production rate of

about 170 million cubic metres a day by the mid-1980s.

The corporation was already well prepared for the development of an industry based on SNG.

Sir Denis said that, with conversion to natural gas virtually completed, "we are laying the foundations for the security of gas supply by developing the technologies which we may one day need to make substitute natural gas from coal or oil".

Referring to the recent contract signed with the United States Energy Research and Development Administration, based on British Gas technology on the slugging gasifier, Sir Denis said: "This now forms part of the new process developed by British Gas and demonstrated on a commercial scale at our Westfield Development Centre in Scotland."

Engineering inquiry will examine status of profession in EEC

By Derek Harris

Details of the long-awaited government inquiry into the engineering profession and its role in the development of British manufacturing industry are expected to be announced today by Mr Varley, Secretary of State for Industry.

The inquiry will be wide-ranging and will be headed by Sir Monty Finniston, former chairman of British Steel Corporation, who is expected to complete it in around 18 months.

Some problems, however, are so pressing that an interim report will probably be called for within a year.

The terms of reference, it is understood, direct the inquiry to establish how far the profession at the technical as well as higher levels is meeting Britain's needs and whether industry is making the best use of engineers.

It will look at the role of engineering institutions in relation to education and qualifications, from the technical level

upwards. It will also assess the advantages or otherwise of statutory registration and licensing of engineers in Britain.

The inquiry will examine especially those practices in other industrialized countries, particularly those in the EEC, which help to ensure an adequate status for engineers. The generally low status of many professional engineers in this country, reflected to some extent in salary levels, has long worried the profession.

One idea which is likely to be put before the inquiry is that a general council of engineering be established to do a similar job to that performed in medicine by the General Medical Council. The council could oversee a statutory registration system.

But the establishment of such a body could call into question the future role of the Council of Engineering Institutions (CEI), the umbrella body for the tiered chartered organizations.

Lucas strike puts 20,000 jobs at risk

By R. W. Shakespeare

A strike by 1,200 toolroom workers in 12 Midlands factories belonging to Lucas Industries poses a major long-term threat to the motor and aircraft industries and could lead to many thousands of other workers being laid off.

The toolroom men walked out yesterday in dispute over a longstanding claim for improved bonus payments. Most of the Lucas plants in the Birmingham area were working normally, as other workers crossed picket lines, but problems will arise when there are breakdowns or when maintenance work is required on machines normally serviced by the toolroom workers. The jobs of 20,000 other Lucas workers are at risk.

All the nation's car factories rely on supplies of Lucas electrical components and, although they hold reasonable stocks at present, they could meet trouble in the longer term.

British Leyland, whose factories are due to close for a fortnight's holiday on July 15, do not expect supply problems before then. But a spokesman said: "Unless the Lucas strike is resolved, and if production problems develop in their plants, we could be in trouble after the holidays".

The strike by the toolroom men is another symptom of mounting unrest among skilled workers over the erosion of pay differentials. This discontent, particularly in the car industry, prompted skilled workers in engineering to lead demands for a return to free collective bargaining after phase two ends this month.

Building slump to persist into 1978

By Malcolm Brown

According to forecasts of construction output issued yesterday by the joint forecasting panel of the Economic Development Committee for Building and Civil Engineering, the decline in the construction industry will continue into 1978.

The committee says there will be continuing difficulties for the industries which have already been compelled to cut back capacity and reduce employment.

The forecasts suggest a drop of 5 per cent in new construction in 1977 compared with 1976, and a further decline of 4 per cent in 1978.

Worst-hit will be public sector output, including

housing. There will be a substantial downturn during both years in public housing activity, and this is unlikely to be offset by private sector work, where only a marginal recovery is expected in 1978 after a period of no growth in 1977.

The private sector as a whole is likely to show little change in 1977, while in 1978, the expected modest increase in output is due almost exclusively to a more optimistic forecast for the private industrial construction.

In detail, the committee forecasts that public house-building starts will fall away sharply in 1977 and 1978. Starts are forecast at 135,000 for 1977, a drop of 36,000 from 1976, and

a further fall to 125,000 in 1978. Completions are expected to be 170,000 in 1977 (a marginal increase over 1976) and 155,000 in 1978. The 1977 forecast is lower than is implied by the high level of work in progress because the rate of hand over by builders is expected to remain low.

The committee says the future appears a little less bleak than six months ago. Starts are forecast at 140,000 for 1977, an increase of 15,000 over the figure agreed by the committee last January, and 150,000 in 1978.

Completions for 1977 are forecast at 145,000 and are expected to increase to 155,000 in 1978.

Retail sales index up a point in May

By David Blake

High street trade was not quite as depressed during May as the first estimates suggested, and seems to have recovered some of the ground which it lost during March and April.

The final estimates of retail sales, released yesterday, show that the seasonally adjusted index for May rose to 104.4, a revision upwards of 0.9 from the initial estimate.

That means an increase of a percentage point from April, with gains being spread across all kinds of business except consumer durables, which performed very badly—falling from 121 to 116.

Although the month showed slight improvement, the usually more reliable three-monthly moving index is still 3.2 per cent down in the March to May period compared to the three months from December to February.

Sales of durable goods are down 6.4 per cent. The index, which stood at 100 in 1971, equaled 221.8 in May, whereas the figures show virtually no increase in volume over the period.

RETAIL SALES

The following are the seasonally adjusted figures for the volume of retail sales and value of new instalment credit released by the Department of Industry:

	Percentage change latest 3 months on previous 3 months	New credit volume annual 1970=100	rate	£m
1976 Q1	107.3	842		
Q2	107.6	873		
Q3	108.9	917		
Q4	108.5	978		
Q1	103.0	1,017		
1977 Jan	107.3	+1.1	292	
Feb	108.8	+2.6	291	
Mar	108.9	+5.1	305	
Apr	108.9	+4.9	319	
May	108.1		312	
Jun	108.2		335	
Jul	108.3		331	
1977 Jan	106.7	-2.1	324	
Feb	106.7	-6.6	342	
Mar	103.1		351	
Apr	103.4		349	
May	104.4		359	

UK RESERVES

The following are the figures for the United Kingdom's official reserves issued by the Treasury:

End of period	£m	Change in month	£m
1976 June	5,312	2,978	-111
July	5,370	3,010	+58
Aug	5,029	2,831	-341
Sept	5,158	3,092	+129
Oct	4,705	2,985	-455
Nov	5,158	3,118	+453
Dec	4,129	2,428	-1,027
1977 Jan	7,196	4,196	+3,067
Feb	7,787	4,348	+591
Mar	9,518	5,395	+1,831
Apr	10,130	5,892	+512
May	9,501	5,760	-229
June	11,572	6,727	+1,571

Marginal rise in EEC production

Brussels, July 4.—The seasonally adjusted industrial production index for the EEC rose 0.3 per cent in April, on a preliminary basis, over March and climbed 5.3 per cent from a year ago, figures from Eurstat, the EEC statistics office, reveal today.

Encouraged by the relatively small improvement in April, stressed that since the 3 per cent rise in January over December, the industrial index has remained steady.

The seasonally adjusted index for April, excluding the building industry, stood at 120.4 (1970 equals 100).—AP-Dow Jones.

OECD forecasts wider Greek payments gap

Paris, July 4.—In its annual review of Greek economic prospects, the Organisation for Economic Co-operation and Development forecast Greece's current account deficit as widening around \$1.25bn (£735m) this year, from \$1.09bn in 1976.

With emigrants' remittances from northern Europe declining and a projected fall in shipping receipts, Greece should adapt a more advanced industrial structure, OECD says.

LETTERS TO THE EDITOR

Investment problems in small businesses

From Mr David Mitchell, Conservative MP for Basingstoke

Sir, Your editorial (June 20) asks whether small businesses have a "fair crack" of the whip from the financial institutions, and concludes that there is no shortage of available funds—a view endorsed by ICFC which sees no shortage to borrow. With respect, may I suggest that is only part of the story.

In its evidence to the Wilson Committee, FFI draws attention to their own view that higher interest levels charged on straight loans can only marginally reflect risk which requires to be compensated for by an equity investment.

Equally there are well understood reasons why many small firm proprietors are reluctant to bring in outside equity. FFI say in their evidence: "It should be borne in mind that the greater part of capital investment by most companies is still financed by retained profits". If we want expansion and job creation, priority ought surely to be given to increasing this part of benefit from so doing, for, as you comment, "the bulk of

external financial needs of small companies are, of course, met by the clearing bank," and for every £1 of retained profit there is increased collateral making it possible to borrow virtually a second pound from the clearers.

The Government made the situation worse by increasing corporation tax and by price controls which both reduce retainable profit but they have helped by introducing "stock relief". Alas, while this increases retained profits it provides no increase in collateral and hence no help with "the bulk of external financial needs" to which you refer. (It also encourages inflated stock ratios when we already have the worst in Europe.)

Does this not lead one to conclude that the Wilson Committee should consider recommending an end to price controls and substantial cuts in the level of corporation tax designed to increase unencumbered retentions?

Yours, etc,
DAVID MITCHELL, Chairman, Conservative Small Business Bureau, House of Commons, London SW1A 0AA. June 28.

Bitterness over stoppage of increments

From Mr Paul Moynagh

Sir, Mrs Oatman in her plea to keep index-linked pensions for public employees (June 20) has a trusting faith in the Government's respect for contracted terms of employment. Those who were on contracts before the introduction of Phase One of the present pay policy still bitterly recall the Government's arbitrary abrogation of that contract then, when increments were stopped, which with requirements rough matching new appointments meant an overall pay cut.

Not only has this led to anomalies whereby I, as a hospital consultant, am paid less than more recently appointed consultants, (and also less than my registrar of seniority I was promoted for eight years ago), it also causes me unintentionally to develop my bank into grudging a loan on the expectation that a contract (to pay increments) meant what it said. Although the pay policy has never been enacted, such retrospective action by our rulers appears to be above the law, and it seems unlikely they will lose much sleep by doing the same to pensions.

Yours faithfully,
PETER MOYNAGH, 6 Upper Harley Street, London NW1 4PS. June 20.

'Eternity' on a telephone

From Mr J. C. Dennett
Sir, Carefully timing the fax on my wristwatch I have just spent 14 unsuccessful minutes trying to get an answer for the Post Office's international dialling service. Not a word—not even from the local exchange operator who had put me through an answering machine. I had some means of knowing my line was still connected.

Fourteen minutes with a telephone held to one's ear seem an eternity. May I ask if this is a record in patient waiting and, more particularly, the Post Office's answer to someone asking how cheap it is to phone one's relatives overseas? I remain, Sir, Yours patiently,
JOHN C. DENNETT, Chalfont St Giles, Bucks. June 29.



Highlights from the Chairman's Report and Financial Statement 1976

Results

The FIAT SpA Stockholders' Annual General Meeting (parent company) was held in Turin on April 29, 1977 under the Chairmanship of Giovanni Agnelli. The meeting approved the financial statements for 1976 showing a net profit of Lire 66,456 million. A proposed dividend of Lire 150 per share for both preferred and ordinary stock, and the purchase of treasury stock (company's shares) up to an amount of Lire 20,000 million were also approved.

Performance

Information relating to the FIAT group's operations for 1976 was also given in the Chairman's report and included:—Consolidated Sales Lire 9,270 (billions)—Additions to Property and Equipment Lire 813 (billions) for which Lire 531 in Italy and Lire 282 abroad.

—Total workforce 328,872 employees. A brief summary of the group's principal activities, by industry sector, is given below.

—Automobiles
FIAT, Autobianchi and Lancia sold during the year 1,309,356 cars of which 613,100 were exported. These sales reflect a volume increase of 3.1% over 1975.

—Commercial Vehicles
Sales volume of the IVECO group of companies rose during the year by 10.1% to 105,017 units, due to the introduction of new models and a continuing growth pattern. IVECO, eighty per cent owned by FIAT, was formed in 1975 as a joint venture with Klöckner-Humboldt-Deutz AG, Cologne, for the production and sale of commercial vehicles.

—Tractors
The 78,934 units sold reflected an increase of 5% over 1975.

—Earth-Moving Machinery
This sector sold 9,645 units during the year.

—Steel

Total steel production in the newly named TEKSID group amounted to 776,000 tons (up 12% on 1975), while total conversion amounted to 2,195,000 ingot tons (up 22% on 1975). Hot and Cold-Forging and Foundry operations are carried out by other TEKSID divisions.

—The expansion in other activities of the Fiat group covering Component parts, Machine tools, Civil Engineering, Energy, Railway equipment, and Tourism and Transportation have also contributed to the group's policy of diversification.

Prospects for 1977

The most recent trends indicate a possible slackening in final demand. Whilst this trend cannot be described as a slump, it will probably accelerate in the next few months. It is therefore unlikely that during 1977 our principal activities will achieve business levels better than those recorded in 1976.

However, the attitude of the FIAT group is by no means one of wait-and-see. On the contrary, for 1977, a year in which only moderate growth may be expected, total FIAT group investments world-wide will amount to some Lire 1,000 billion.

Financial Summary 1976 (PARENT COMPANY)

BALANCE SHEET (in millions of Lire)	INCOME STATEMENT (in millions of Lire)
WORKING CAPITAL	NET SALES
PROPERTY AND EQUIPMENT	OPERATING COSTS
Less Accumulated Depreciation	
Property and Equipment net	DEPRECIATION
INVESTMENTS IN AND LOANS TO GROUP COMPANIES (Long-term)	TRADING PROFIT
OTHER ASSETS	FINANCIAL CHARGES—Net
Together	OTHER INCOME—Net
LONG-TERM DEBT	PROFIT BEFORE TAX
EMPLOYEE SEVERANCE INDemnITIES	TAX
TOTAL NET ASSETS	PROFIT FOR THE YEAR
Represented by STOCKHOLDERS' EQUITY	

(1) The net asset value of capital stock issued and outstanding at December 31, 1976 was Lire 2,370 per share. For purposes of a new stock issue in March 1977 (not included above) the existing capital stock was attributed an underlying net asset value of Lire 6,000 per share. Had this current assets value been reflected in stockholder's equity at December 31, 1976, the effect would have been to restate stockholder's equity to approximately Lire 1,800 billion.

(2) The depreciation charge for 1976 included accelerated depreciation on the company's assets amounting to Lire 109,248 million.



Copies of the 1976 report may be obtained from FIAT SpA, Corso Marconi 10—Turin (Italy)

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



DEMINEX OIL AND GAS (U.K.) LIMITED DEMINEX UK EXPLORATION AND PRODUCTION LIMITED

£75,000,000

Floating Rate Medium Term Loan for the development of the Thistle Oilfield North Sea

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Limited

The dry cleaning, industrial workwear rental and textile finishing group.

- Record profits up 14.9% (before tax).
- Sales up 13%.
- "Sales in the current year have started off well, are in excess of budget for the Group and are comfortably ahead of sales for the first quarter of last year."

N. C. Macdonald, Chairman.

Financial Highlights (taken from the Annual Report)

	Year ended 1st April 1977 £000	Year ended 31st March 1976 £000
Sales	28,137	24,892
Profits before tax	2,284	1,961
Profit after tax	974	962
Dividends per ordinary share	4.1988p	3.81716p
Earnings per share	7.8p	7.7p

Copies of the Report and Accounts are available from the Secretary

SKETCHLEY LIMITED, Rugby Road, Hinckley, Leicestershire.

BY THE FINANCIAL EDITOR

Gilts as the reserves continue to swell

The most clear-cut point one can make about the June reserve figures is that the increase, \$1,670m, was well above expectations and the same point applies even after allowing for the \$750m contribution made by the BNO financing.

A good measure of the explanation for the sharpness of the rise appears to lie in the heavy overseas application for the BP offering—a flow that could be partly reversed in July, depending on whether or not the return of surplus funds outweighs the payment for BP stock by American investors.

For the rest, there appears to have been genuine commercial demand. But there must also have been some benefit from the international move out of the dollar and, given the growing concern about the size of the United States trade deficit, the could be a hot money trend that may still have some way to run.

To what extent the sharp rise in the reserves, and its possible implications for money supply, helped prompt yesterday's offer of a further tranche of floating rate stock is an open question. With the final (£455m) call on Exchequer 91 per cent 1982 falling yesterday and the new long up not yet operative, there was obviously a case for the authorities to cover their backs.

But views remain mixed as to whether the new flotilla should be taken as a sign that the authorities are worried or simply that they feel that they now have enough breathing space to continue to "experiment". The new stock itself opened slightly lower than expected at 98½, but the market took it as bullish that the Government Broker stopped supplying stock at that price after only an estimated £25m-£30m had been taken up.

1975-76, non-newspaper activities accounted for a quarter of earnings and since then the Argill field in the North Sea has come on stream as a major source of profit.

On outside estimates—Associated itself saying nothing at this stage—the North Sea could have been worth as much as £5m to pre-tax profits which were, in themselves, something of a disappointment to the stock market.

These diversifications, combined with a rock solid balance sheet, are the factors that have enabled Associated, which is con-



Mr Vere Harmsworth, chairman and chief executive of Associated Newspapers.

trolled by Daily Mail and General Trust, to tread its way through the minefield of newspaper publishing without running into the kind of problems that Beaverbrook has had to face. But just how strong are those North Sea interests?

Aside from Argill, Associated is involved in two potential fields, Crawford and Bruce. At the moment it is anybody's guess whether these will finally prove commercial, but even if they are it would be 1980-81 before they would be producing. That leaves Argill.

The problem with this field is, firstly, that it will probably be at peak production this year so that hereafter Associated may have to rely on price increases to lift the North Sea contribution much above £7m a year and, second, that it could run out by about 1984.

That means that, as it presently stands, North Sea is a welcome and highly useful contributor but less than exciting for the future. There will, of course, be scope for Associated to channel its cash flow into new income producing fields since a recent deal with BP means that the burden of exploring the Crawford and Bruce fields is effectively removed. But unless something is done with the *Evening News*, Associated may find that an uncomfortably large slice of its North Sea wealth is being gobbled up in Fleet Street's apparently bottomless maw.

In asset terms, the North Sea may be worth as much as £100m compared to a present share price of 152p, but at the end of the day the best hope for real growth in the next year or two seems likely to lie more in regeneration action in Fleet Street than in the oil fields.

Accounting standards: can the profession stir itself before the state steps in

Edward Stamp

Vigorous leadership to carry out the proposals through to a successful practical conclusion is a quality sadly lacking in many areas of our national life. The recent history of standard-setting by the accounting profession bears witness to this melancholy fact.

When the Accounting Standards Board Committee was set up early in 1970 it began its work with zeal. For a few years it began to look as though British accountants really were capable of putting their own house in order. The process is now bogged down in an appalling state of disorder and confusion.

Several examples could be given and perhaps the most striking is the way in which the profession is mismanaging the production of a standard on inflation accounting. Mr Morphet has recently been receiving a lot of unfair criticism about his supposed intransigent attitude towards the exposure draft which his committee produced last November.

He has in fact behaved as one might have expected, and the failure of leadership lies elsewhere, in the Accounting Standards Committee and among the senior officials of the English Institute of Chartered Accountants.

Communications between the Institute's headquarters and its members are so bad that a substantial proportion of the Institute's members are threatening to secede.

Other equally important areas upon which we have yet to see even an exposure draft include accounting for pensions, foreign currency translations, accounting for leases, and discounting. The exposure draft issued a couple of years ago on depreciation accounting still has not been taken into a standard, and in the interval the International Accounting

standard-setting process by forcing a vote to make any standard on current cost accounting merely voluntary.

If the dissenters, largely the backwoodsmen in the profession, carry the day on July 6 it will be a serious blow to the credibility of accounting standards in Britain.

All of the momentum and sense of urgency which heralded the publication of the ASC's first exposure draft in June 1970 has steadily drained away. So much so that the rate of output of the International Accounting Standards Committee is now greater than that of Britain's own national body, despite the fact that the international standards require the approval of people scattered all over the globe.

Many vitally important areas of accounting practice are still uncovered by accounting standards in Britain. An exposure draft on merger accounting, issued many years ago, has disappeared without a trace.

This major British company standard requiring benefits from government grants to be amortized, and so they credited the full amount of the benefit (which was only £11m) to income in the year in which it was obtained. Despite the relatively tiny sum involved they were willing to flout the standard and have their auditors qualify their report.

However, it was a different matter when ICI filed its 20-K document with the Securities Exchange Commission (SEC) in the United States. The SEC requires auditors to certify that the company's financial statements are in accordance with the standards of this kind, so in its SEC filing

ICI conformed to the requirements of the accounting standard, and thereby avoided the auditors' qualification.

It is indeed a sad commentary on the authority of the Accounting Standards Committee when we find a British company flouting British standards in the face of a qualification from British auditors, while at the same time acquiescing in the imposition of the same British standards in the United States because an American government agency requires that the British standard shall be used in their inquiry in reporting to American investors.

It is, an ICI shareholder who takes the trouble to obtain a copy of the 20-K will find that it discloses far more information to him, as a result of American requirements, than is supplied to him in the annual report published in Britain and conforming to British requirements.

Nor is it only in the field of accounting standards where the British profession is failing to respond to the public interest. Despite the clear need for a set of standards governing auditing practice the profession has yet to issue even an exposure draft of such standards. When one considers that the American profession has had auditing standards in effect for 30 years it is difficult either to understand or to excuse the failure of the British profession to produce even a draft set of its own.

This failure is all the more culpable in the light of the DTI inspectors' reports which have been published in the last year or so, and which clearly point to the need for audit standards.

Moreover, despite many calls for action in this newspaper and elsewhere, British auditors are still not prohibited from owning shares (up to and including a controlling interest) in client concerns. There is plenty of evidence to show that the practice is sufficiently widespread among smaller auditing firms as to verge upon the scandalous.

The need for strict self-regulation by the profession on this matter has been drawn to the attention of the profession's leadership by myself and others on many occasions. The response has invariably been one of bland and pained complacency and indifference.

It is with an increasing uncertainty that the call for self-regulation is now being sounded. Indeed I suspect that all that is saving the accounting profession from outside regulation is the general inability of the Labour Party to understand the issues involved. It is to be hoped that the leaders of the profession will acquire the necessary will-power and sense of urgency before it is too late, because the Tories are likely to be, much less merciful.

Professor Edward Stamp is director of the International Centre for Research in Accounting, University of Lancaster.

Derek Ezra

Why Washington is stepping on the gas

Last week I attended the annual conference of the National Coal Association in Washington. This body represents most of the major coal mining enterprises in the United States. Their conference was almost wholly taken up with discussing the implications for American coal of the energy policy, and to hear the views of industrialists and others.

I was also able to meet leading personalities from Congress and the Administration concerned with various aspects of the energy policy, and to hear the views of industrialists and others. I was thus able to form an impression of the state of the energy debate in America.

This discussion has a wide-ranging interest because of the massive energy consumption of the United States (about a third regarded as desirable, not particularly controversial, and likely to get through this month).

The second is more complex and controversial. Intended to provide the President and Administration with the powers to increase the production of oil and natural gas, it contains, in draft, 113 provisions. Some, like the proposed petrol tax, are politically highly contentious. However, the aim is to get this legislation on the President's desk for signature not later than October.

To achieve this, quite exceptional pressures are being applied, such as starting Senate committee hearings at 7 am.

Behind this turn of legislative speed, is the importance attached to the energy problem and the feeling that a Democratic President and a Democratic Congress fail to take action on such a vital matter, the political repercussions could be serious.

The high rate of growth in energy consumption is being concentrated on oil and natural gas and far surpasses indigenous resources.

Last year seven million barrels a day of oil were being imported. This year imports have risen to nine—briefly ten—million barrels a day (three times the North Sea's expected peak production). Because natural gas import possibilities are more limited, there was a big shortage in last winter's exceptional cold.

President Carter proposes to deal with this problem by cutting consumption, especially of the scarce fuels, stimulating conservation and building up indigenous resources. By far the largest reserves of fossil fuel are in coal, and so the intention is to increase coal production and usage from the present annual level of nearly seven hundred million tons to more than 1,000 million tons by 1985.

A large load will also have to be taken up by nuclear power, but the position here has been complicated by the determined stand the President has taken against the fast breeder.

Critics of the plan, especially industrialists, contend there is too much emphasis on conservation; objectives like reducing

energy consumption growth by 2 per cent and cutting petrol consumption by 10 per cent by 1985, are probably unattainable; and too little emphasis is on stimulating indigenous fuels.

There are two special areas of controversy. While the intention is progressively to increase oil and natural gas costs to industrial consumers (domestic prices will continue controlled as at present), this will be done by a series of taxes to prevent oil companies and natural gas operators gaining windfall profits.

The oil and gas people, however, contend that if they are to produce more from indigenous resources (which they consider they can do) they should be allowed the financial capability. They believe the measures proposed will not produce the necessary efforts to extend the search for oil and gas. This the Administration do not accept.

The coal situation is even more complex. All are agreed that there are vast reserves which can be easily and quickly mined by striping (or open-casting), thus enabling the President's objective to be met. But there are some formidable problems to be overcome. Environmental legislation affecting strip mining is being tightened, requiring a large number of regulations to be worked out, thus creating uncertainty. Much of the most easily mineable coal lies on federal land, leasing of which for coal extraction has been suspended, mainly on environmental grounds. The Administration holds that leasing already made still remain to be exploited; the operators say these will not be enough.

Movement of the substantially increased coal production in the relatively remote western states will cause a major transportation problem. Rail capacity does not as yet exist. There is talk of long distance slurry pipelines, but these areas are notoriously short of water which they require for their traditional agricultural activities.

Finally, the clean air regulations are being tightened up, so-called "Best Available Control Technology" (BACT) will have to be applied to all new coal-fired plants, whether coal used is low in sulphur or not—adding 10 per cent to capital cost.

All these issues are being vigorously debated in Congress and elsewhere. There is general agreement that the American energy situation cannot be left where it is. There are clearly major doubts and uncertainties about the proposals for a solution.

Sir Derek Ezra is chairman of the National Coal Board.

The Continental and Industrial Trust Limited

and its Subsidiaries

(Managed by J. Henry Schroder Wagg & Co. Limited)

The Annual General Meeting will be held at 120 Chesham, London, EC2V 6DS on Wednesday 27 July 1977 at 2.30 p.m.

Details from the Report and Accounts for the year ended 31 May 1977:

	1977	1976
Total Revenue	2,221,894	1,884,786
Less: Expenses	1,107,718	92,300
Interest	442,944	311,576
Net Revenue before taxation	1,556,232	1,480,893
Less: Taxation	644,174	575,162
Preference Dividend	38,500	38,500
Net Revenue available for Ordinary Dividend	873,558	867,231
Earned on Ordinary Shares	5.82p	5.12p
Ordinary Dividend paid (net)	5.75p	5.00p
Net Assets attributable to:		
Currency Loans	£'000	£'000
Debtenture Stocks	3,345	1,719
Preference Shares	4,068	4,486
Ordinary Shares	1,000	1,000
Total Net Assets	41,734	37,218
Net asset value per 25p Ordinary Share	50,145	44,423
25% of the investment currency premium included therein	246.4p	219.7p
	6.3p	7.8p

REVIEW BY THE CHAIRMAN, THE HON ALEXANDER L. HOOD:

There has not been a Chairman's Statement of The Continental and Industrial Trust Limited for many years. Your Directors have felt that their Report and Accounts, including as they do the detailed portfolio and the year-by-year summary of the results, would give shareholders all the information they require. In the last year or so investment trusts have come in for some criticism, chiefly because their shares sell at substantial discounts, 25% or more, based upon the market value of the assets. Your company's shares sell at a substantial discount, like the others, and I am therefore issuing a Statement, mainly to put before you some of the achievements of the Trust during recent years.

The Trust has published its investment portfolio in full for some years. This, read in conjunction with the Balance Sheet, tells shareholders how their property is invested. Any shareholder comparing the latest portfolio with that of the previous year can get a good picture of the Trust's activities during the past year. The Trust rarely buys and sells investments throughout the year. It endeavours to buy large units of the very best equities at good prices. Unless there be significant change in the prospects of the industry or Company, or the price of the shares rises unreasonably, these large units are held as long-term investments. This means not many investment changes are made as there seems little case for incurring the expenses and the taxes involved. Two holdings alone, those of British Petroleum and Shell Transport and Trading, had a market value at the end of the year of about £7 million, or nearly 15% of the value of the portfolio, but cost only about £2.1 million. While these holdings are very large they still only represent an infinitesimal proportion of the issued capital of these two companies, so that they are marketable should the Trust wish to dispose of them at some future date. During the past ten years, the gross dividend paid by the Trust has increased by 152%. During the same period the cost of living, as measured by the Retail Price Index, has risen by 192%. The Board hope that in more normal times they will be able to recommend increases in dividends which result in an increase in the real income of the shareholders.

The value of the underlying investments is of equal importance to shareholders. The net asset value is some 2½ times what it was on 31 May 1967 and is the highest figure in any year-end in the Trust's history. Despite the relative inactivity to which I have referred above, the Trust has realised net capital profits on investment transactions in every one of the last twenty years. This has not been the case of selling off the winner because unrealised capital profits at the latest year-end were £26 million. Moreover, at the year-end the Trust held over a hundred investments, of which only four had a market value of less than book value.

It is a popular conception that the revenue of investment trusts is drained away in expenses. I do not think this is generally true and it is certainly not the case for this Trust. The total expenses of management last year were £110,718 or 0.22% of the net assets. The good management which the shareholders have enjoyed has to be paid for, but the expense ratio compares quite favourably with other investment trusts and still more favourably compared to most unit trusts. It may interest the shareholders to know that over the last twenty years the average ratio of expenses to net assets was 0.1838%. The Trust also participates regularly as a sub-underwriter of new share issues, and the commissions received from providing this service, after allowing for the losses that occasionally occur when the Trust is called upon to take up its liability, have reduced further the expenses ratio mentioned above.

The Trust also plays a not insignificant part in the provision of capital for industry. The Trust almost invariably takes up new shares in a rights issue and in this way has provided new capital of about £1.5 million over the last twenty years.

Your Board make no apologies for their management of the Trust and hope that over the next ten years they may achieve results comparable to the performance achieved over the last ten years.

Associated Newspapers

Fleet Street is still the key

Now that Beaverbrook Newspapers has fallen into the hands of Trafalgar House, Associated Newspapers, the fitted rival for Beaverbrook's hand, has some problems of its own to resolve. Its results for the year to the end of March, showing pre-tax profits up from £8.45m to £12.0m, will provide a powerful first riposte to those who argue that it is now vulnerable to counter-attack. But the question marks remain.

How will it now tackle the problem of the *Evening News*'s daunting losses of £5m-£6m a year? Can a deal to cut printing and distribution costs still be agreed with Beaverbrook's new overlords? And how vulnerable is the *Daily Mail* to a hopefully more aggressive, thrusting *Daily Express*? Some will say that these questions are immaterial. Associated, after all, has North Sea oil. It also has thriving restaurant and furniture interests and properties which are calculated to be worth more like £30m than their £11.3m published book value. In

Mercury stays ahead of the pack

amidst generally pedestrian results from the other merchant banks, each of which seems to have its own particular Achilles' heel, Mercury Securities again stands out as an island of tranquillity with disclosed earnings of a quarter to £8.6m in the year to end March.

Yet with the rest of the pack by and large sorting out their property and shipping problems, and coming through "more strongly now on the back of increased corporate finance activities, the question is, whether Mercury can continue to maintain its position as the best of the rest of the sector, the 4.7 per cent yield at 110p is not much more than half that available elsewhere in the sector.

Judging by last year's performance the answer is almost certainly that it can. Moreover it has gouged out a pivotal position in the buoyant Eurobond market and it still benefits from being more of a fee-oriented bank rather than relying on the traditional banking side where loan demand is still quiet which forms a larger slice of the other merchant bank operations.

Clearly Mercury, too, reckons it deserves its rating and for the first time this year, as given rather more away at the preliminary stage by showing that capital reserves, excluding transfers to inner reserves, have jumped 146 per cent to £56m over the past five years which is markedly better than some of the competition.

The S. G. Warburg merchant banking side has benefited both from the upsurge in domestic and overseas corporate finance work and the string of Eurobond issues last year with profits 14 per cent ahead at almost £6m.

Insurance and shipping would have also done rather better but for a £250,000 property write-off at Matthews-Wrightson which has been taken in at the associate level rather than treated as an exceptional item.

Meanwhile, the star division has been metal trading, and refining with nearly doubled profits of £1.59m taking Warburg almost back to 1975's levels. Here the increase in metal prices is one explanation for such a strong showing but Brandeis Goldschmidt has also pushed into other dealing areas than just the major metals.

The continuing benefits of the Paribas and Becker links, which have done so much to push Warburg to the fore in international markets, come through in the quarter rise in minorities. In the current year there are no obvious weak links with plenty of momentum in the Eurobond market and continuing good corporate finance and investment management business.

Even so, Mercury will have to run a little faster to fill the £506,000 earnings gap now that it has sold its advertising interests although Warburg's share of the recent British Petroleum action could well plug half that loss.

The US energy situation

cannot be left

where it is.

But a solution is

surrounded by

doubts

and certainties

of total world supplies, with a twelfth of the people), as rapidly increasing dependence on external sources for potentially scarce fuels, and the fundamental change in trends which President Carter is seeking to bring about.

Energy is a top priority in Washington for Congress and the Administration. The President needs to get two vital Acts through Congress to apply his policy of reducing America's increasingly costly and potentially dangerous dependence on overseas oil supplies.

The first is to enable him to set up a Department of Energy under Mr Schlesinger, replacing the large number of often conflicting agencies from previous Administrations. I was told this measure was generally

Business Diary: Exports and Sir Dan • University challenge

I see Sir Dan Pettit, chairman of the National Freight Corporation, is bringing to a head a little of the knowledge he has gained at this year's design as Export Year. A pity, however, that NPC could not have come up with something a little more original than a wheeze they are now thinking.

Sir Dan is offering a case whisky of one's choice, and a place on the most enterprising "export" of the year. He or the might be, according to NPC, the kind who ports peanuts to Plains, borage, or vodka to Russia. However it is, it has to be supported at least part of the way by NPC.

If the winner were of the "if" category, it could all over rather embarrassing. You remember the other day, I wrote about the "Incredible" export competition organised by Export Times and Vladimir. This year's competition was in a firm supplying prayer mats to Mecca: by NPC's standards, the new competition would be won by Vladimir. It, which has already said it is trying to sell the Russians some vodka.

I was interested to read John Roper's travel article in Saturday's paper, all about John Roper's University Holidays where he was marking accommodation halls of residences at British universities such as that of Ban-r (sic) where the students are

my day it was, and still is as well as I know, a constituent of the University of Wales rather than an autonomous degree-giving institution.

That aside, I found myself hoping on behalf of the clients of holiday and conference organisers everywhere that Rees has been able to do something about the food that was served at Bangor in my day.

I remember even now the pain of being offered for breakfast in a hall of residence there an evil pig's head. I gradually discerned to be most dissolving in a pool of tinned tomatoes.

At the time I was an Identikit Angry Young Man, and it came as a great disappointment to me as a working class lad eager for grievance to find out what muck the middle classes were content to eat. My mum had always cajoled me downstairs with bacon and eggs.

I now note, however, that I am not the only one to be alarmed by the eruption of the universities into the hotel trade. The British Hotels, Restaurants and Caterers Association, whose annual meeting is to be held next week, have also been exercised if for different reasons.

Louis Slatcher, of Avon and Northumbria Hotels and a member of the BHRCA hotel advisory panel recently headed a subcommittee which remonstrated with the British Universities Accommodation Consortium. He, I regret to say, seems to have found them less than accommodating.

They apparently told him that

the halls of residence had to fend for themselves as they received no help from the University Grants Committee, so there. The question of the consortium's joining the BHRCA was discussed, but abandoned and there the matter seems to rest. Do, however, watch out for those tinned tomatoes, whatever you do.

Anglo-American relations were all very chummy at a House of Commons reception for the Caterpillar Tractor Company's Silver Jubilee Industrial Safety Award, which the British Safety Council is supporting.

Caterpillar, said Harold Walker, Minister of State for Employment and MP for Doncaster, is famous for the promotion of industrial safety. The group is offering £1,000 in three prizes for the best thesis received from students at Scottish universities—"on some aspect of safety at work that will bring fresh knowledge and new conceptions to the subject."

Yesterday, however, the speeches were more concerned with the role of the multi-nationals. Walker said he was unhappy about the way in which some Labour MPs were criticising American-based multi-nationals.

He had one in his own constituency (International Harvester, competitors of Caterpillar), and he knew from experience that they brought a lot of initiative and



James Hamilton MP.

stimulus to our own native industries.

He welcomed the employment opportunities brought by American companies, and quoted with great effect the statement made in the City, a few weeks ago by Jack Smith, United Kingdom managing director of International Harvester: "My company knows of no country in the world where it can get a better return on the dollar than in the United Kingdom."

The minister said he hoped that Caterpillar's initiative would be followed by other multi-nationals—possibly a hint to UMO, the Russian-based company which assembles heavy earth-moving equipment at Kirkcaldy in his constituency.

The sponsor of yesterday's reception was James Hamilton, Labour MP for Bothwell and

Government whip. He has a number of multinational factories in his constituency, including Caterpillar, employing 2,700 General Motors (2,750), Devo (500) and Hoeswerf (2,800).

"I judge companies as I judge people," Hamilton said. "I am impressed by their management skills and their treatment of the unions." He added, possibly with an eye to the Grunwick dispute: "British companies have a lot to learn from them."

The Glenageles Hotel, the executive travel and golfing holiday in the highlands where the Commonwealth leaders recently relaxed, is to be expanded.

At the moment the Glenageles has to close between October and April, when business travel is not enough to offset the seasonal decline in upmarket tourist stays.

Now, however, Bert Farinmond, chairman of the British Rail subsidiary, British Transport Hotels, owners of the Glenageles, is planning his hopes on a £7m "village" extension.

Built by Bovis Homes, this will provide houses, cottages and flats in the 700-acre grounds and will take five years to complete. An additional 18-hole golf course is also to be built, and should be open in 1979.

Discrimination extends to dogs these days. A sign in the window of my local off-licence says: "Dogs admitted on a lead. Except Lou and Mavis's mums."

FINANCIAL NEWS AND MARKET REPORTS

All systems go at Whitecroft: over £2m to be spent on expansion

By Victor Felstead

Further progress in the present year for Manchester-based Whitecroft, which has increased pre-tax profits fourfold in five years to a record £5m, is predicted by Mr Ernest G. Gould, chairman, in his annual statement.

Whitecroft, which recently fought off a takeover bid from Hanson Trust, is spending more than £2m on internal expansion, while "actively seeking complementary acquisitions".

The total dividend, despite a rise of 125 per cent in the year to March 31, is three times covered and group borrowings remain low. "We have considerable resources to finance planned expansion of the group", declares Mr Gould. He confirms the dispersal of the 25 per cent stake held by Hanson among institutional investors.

Whitecroft covers textiles, building and engineering supplies, building, civil engineering contractors and property development, engineering and



Mr Ernest G. Gould, the retiring chairman of Whitecroft.

leather. The textile division doubled its profits last time to £2.4m pre-tax.

Particular emphasis has been placed on the opening up of ex-

port markets, which are becoming increasingly important to Whitecroft. Group exports fell from £4.48m to £3.56m.

Overall, Mr Gould, who retires as chairman at the annual meeting, believes these "excellent" results provide confirmation of both the management and financial strength of the group.

Elsewhere, the source and application of funds table shows that the expenses of contesting the takeover bid were £36,300.

Spicer & Pegler and Kevan Pilling & Co, the auditors, qualify their report. They say that, as stated in accounting policy 14, the basis of which deferred tax is provided has been changed.

A note to the group profit and loss account explains that had a provision been made on the same basis as in 1976, the figures would have been: profit after tax £2.49m (compared with the published figure of £4.03m), earnings attributable to stockholders, £2.23m (£3.79m) and earnings per ordinary stock unit, 26.73p (44.32p).

Hestair in for Roots Harvesters at 50p cash

By John Brennan

Hestair yesterday acquired a 39.2 per cent share stake in the agricultural machinery group Root Harvesters and is bidding 50p a share cash for the outstanding shares. Directors of the two companies have been holding "amicable" discussions over the past few days and are negotiating terms of a possible share alternative to the cash offer, which values RH at £1.55m.

Hestair, the fire engines-toys conglomerate, acquired J. F. Nash Securities long-held 27 per cent shareholding in Root, a sale possibly prompted by Nash's recent acquisition of Reliance Motors. The balance of its stake was acquired from Jorehaut Holdings.

In a statement last night Hestair argued that the bid, pitched 9p above RH's opening price yesterday, would bring substantial industrial and marketing benefits to the two companies. Sales of RH's root crop harvesting equipment are counter-seasonal to the seed drill products of Hestair's existing agricultural machinery side.

And both companies have substantial export business. Directors and family interests control 13 per cent of RH's shares and, as discussions between the companies are reported to have been very constructive, so far, Hestair is fairly confident of the bid's success.

Stock markets

Furness leads a flurry in ships but all eyes fixed on LASMO

After a bad start, shares clawed back some of their earlier losses, but the recovery was neither complete or enthusiastic. The FT Index halved its initial fall to close 1.6 down at 49.6.

The influences on the broad economic front was very mixed. Externally, the rise in reserves was a comfort, but at home the market was holding its breath as the miners' leaders trumped their demands for pay increases.

Gills, both long and short, managed to wipe out earlier falls of around 50p. The new variable interest stock hovered at around 98.

The launch of new smoking material and the battle in King-sized cigarettes make many wary of tobacco just now, but Rothmans International has friends, thanks to a big business overseas and foreign price rise. Projects due soon, probably rose from £40.4m to about £60m in the year to March 31. If so, the shares at 37½ are on a prospective p/e of little more than 2 (or 3 on loan stock conversion). The yield is already 7½ per cent covered nearly 7 times.

It became clear that dealers' energies and resources were being kept back for the next round of new issues on Thursday. Today is the account for Ascan Tea, completed in BP last week, but the cheques that come back are unlikely to find their way into very much else other than London & Scottish Marine Oil—down 4p at 35½p—when the subscription lists open on Thursday. BP were unchanged on balance at 930p, while the partly-paid added 2p to 37½p.

So the leaders were left to drift aimlessly. Most were off by around 2p, including ICI,

BAT Industries, Thorn "A" and Tube Investments but GEC recovered a 2p fall to close unchanged at 200p ahead of the figures today, while Fisons were a rare bright spot with a 5p rise to 345p.

It was left to shipping to provide much of the market's scant source of optimism. Furness Withy led the way forward with a 10p rise to 32½p, sparked by vague bid chatter, but a cheery annual report from British & Commonwealth helped the shares ahead by 4p to 307½p and Peninsular & Oriental Steam Navigation followed in its wake with a 2p rise to 146p.

Bids, both realised and hopeful, made up the bulk of the remaining features. Butterfield Harvey jumped 17½p to 59p on the approach from heavy engineer, Babcock & Wilcox.

A rumour that an offer is on the way for asbestos manufacturers, Cape Industries, the Charter Consolidated subsidiary, lifted the shares by 10p to 12½p.

On the other side of the coin, speculative positions in Spirax-Sarco, Redfearn National Glass and A. Gallenkamp were unwound at takeovers were either denied or failed to materialise.

Profits announcements held little attraction for the market. Associated Newspapers failed to hit best estimates and dropped 4p to 192½p but it was left to Blackman & Conrad to hold the title of worst performer of the day as the pressed dividend and profits subsidence slashed 11p off the shares to 17p.

For the rest, it was difficult to pick up any marked trend. The annual review at Chesterfield Properties helped the shares up by 12p to 220p but the climb failed to spill over into other property stocks.

With the \$1.87 drop in the gold price to \$140.50, golds made a poor showing and several savies showed signs of up to 50 cents. Plantations enjoyed a bright spot as the big rise in profits at Assam Frontier pushed the shares ahead by 13p to 205p.

Perhaps demand will revive when interest in new issues has faded, but it is difficult to believe in a sustained upturn when speculative cash flows back into equities.

The number of marks at 4.81 is still paucy and continues a gloomy trend. The level of business in June shows a massive drop from the previous month with values down from £11,569.34m to £8,143.43m

and the total number of bargains marked slipping from 611,919 to 406,392.

In equities, bargains amounted to 301,702 against 476,083 in May while values slumped from £2,184.28m to £1,193.51m.

After a 10p rise to 322½p the market is clearly expecting something from Furness Withy. The 24.9 per cent EuroCanadian stake which must drop to less than 10 per cent in the next two years is a useful bid platform. But before a takeover a potential bidder should be clearing out the Manchester-Liner-Furness Withy-EuroCanadian cross holdings. Yet dealers report that no new buyers have appeared for Manchester stock. Could it be that a placing of the EuroCanadian interest is on the way?

Equity turnover on July 1 was £54.42m (13,982 bargains). Active stocks yesterday, according to Exchange Telegraph, were ICI, BAT Industries deferred, BP new, F & O, BP, Shell, Burnham, Gas, A. A. Marks & Spencer, Tesco, Marks & Lyle and Trust Houses Forte.

Latest results

Company	Sales	Profit	Earnings	Div	Pay	Year's
£m	£m	£m	per share	pence	date	total
Ascan Tea (F)	3.8(4.9)	4.2(0.9)	110.6(22.5)	4.5(3.5)	23/7	16.25(7.66)
Assoc. News (F)	—	12.0(8.4)	18.9(11.7)	3.5(3.2)	15/8	5.15(4.68)
W. W. Ball (F)	2.9(2.1)	0.42(0.25)	—	0.9(0.8)	3/10	—
Bambergers (F)	39.3(33.6)	1.8(0.93)	8.8(4.1)	2.13(1.93)	—	2.86(2.6)
Blackman (F)	1.1(0.6)	0.15(0.05)	0.74(0.54)	70(59)	—	1.37(1.17)
Can & Corn (F)	1.02(0.5)	0.1(0.22)	1.57(0.53)	—	—	—
Marshall (F)	18.6(16)	1.8(1.7)	14.74(15.06)	4.19(3.7)	3/10	5.16(4.7)
Sutcliffe (F)	7.5(8.6)	0.33(0.45)	6.3(6.0)	1.07(1.03)	3/8	2.16(2.01)
Tes Abrasives (F)	4.5(3.7)	0.28(0.28)	2.06(2.06)	2.06(2.06)	16/9	2.71(2.71)
Waters (F)	0.61(0.34)	0.61(0.34)	8.61(3.14)	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.54. Profits are shown pre-tax, and earnings are net. * Adjusted for scrip. † Loss. ‡ For 16 months. § Before capital reorganization.

Bambergers braced for tough start

By Ray Maughan

Bambergers' timber products and building materials group, is braced for a "very difficult" start for the current year to end-March next. Some improvement is likely in the second half, but the recovery will have to be strong if doubled pre-tax profits of £1.88m last time are to be matched or exceeded.

The total dividend is hoisted by the maximum to 4.402p gross.

The upsurge for 1976-77 stems from a marked, if unqualified, boost from stock profit, but the board, headed by Mr Cecil Woodburn-Bamberger, has endeavoured to widen margins by increasing the ratio of business put through its own merchant depots as opposed to wholesale distribution from its port facilities on the River Crouch.

Despite this better sales "mix", however, the rise in sales value at £39.52m against £33.63m, was achieved at the expense of a slight reduction in margins, indicating the increasing intensity of competition. Although overseas timber producers are apparently pausing in their attack on the United Kingdom market, domestic forest product distributors must come to terms with a shrinking construction market. Public housing is a difficult market although the group sees a brighter future for private industrial and commercial development. In the forefront of the board's hopes for the expected second-half upturn, however, is the new private housing market—contributing perhaps about a quarter of total sales—due to cheaper money and a better inflow of funds to the building societies.

The value of year-end stocks grew by a third to £3.6m at the balance sheet, but this is entirely a reflection of the increased cost of imports.

Briefly

Blackman & C figures 'overstated'

Shares in clothing group Blackman & Conrad slumped by 11p to 17p yesterday after news of a big drop in profits. In the 16 months to January 31, pre-tax profits were only £104,000. This compares with £517,000 for the previous year. In February, the board reported a pre-tax profit of £570,000 for the year to September 30, 1976. It explained yesterday that because of a breakdown in the internal management, which was partially caused by rapid expansion in various provincial centres, the unaudited profits published for the 12 months were "overstated".

FIAT FINANCE ISSUE
Fiat Finance Corporation to issue 575m nom of annual coupon notes due Aug 1, 1982 guaranteed by International Holding Fiat S.A. Coupon of 8 1/2% indicated. Issued jointly managed by Union Bank of Switzerland (Securities) Limited, and Credit Suisse White Wolf Limited.

LANCER CHEMICALS
First half-year earnings will be "appreciable" lower than last year's, says Mr Francis Russell. While significant improvement expected in second-half full year's results unlikely to exceed last year's.

Two-tier property market

Top end overheated

A flood of institutional funds channelled into a too narrowly defined range of prime properties is now overheating the top end of a sharply divided two-tier market, according to estate agents Richard Ellis. In their annual Property Investment Report, Ellis warns that although the market now has "a sounder base and greater degree of certainty than for many years", fund managers' reluctance to look at other than the highest quality rack-rented or short-reversionary properties has forced purchasing yields to a point where future rental growth is being unduly discounted. They feel that with prime yields back as low as 5½ per cent for offices, even lower for the very best retail space, and in the 7½-7¾ range for industrial and warehouse space, the point has arrived where "primes" could be considered expensive in relation to alternatives.

Taking a rather more cautious line than other recent flow of funds' analyses, Ellis believes that institutional investors will allocate around 18 per cent of this year's new money to property. That compares with 19 per cent in 1976 and 20-21 per cent during the 1973-74 property boom. This proportion of an ever-rising flood of investible funds is causing a diminishing supply of top quality properties. As the supply of prime offices is absorbed, the agents confirm the partial erosion of the historic yield gap between industrial and office buildings.

Changed attitudes towards industrial are reflected in Ellis's view that the property content of an average fund, traditionally split around 50 per cent to offices, 35 per cent retail and 15 per cent industrial, would now be split 40-30-30. Despite this renewed enthusiasm

for industrial, the agents are surprised that the yield gap has not been further narrowed given evidence that industrial rental growth compares well with commercial rents and that "contrary to general opinion, it has been shown that economic and physical obsolescence has had, over recent years, a greater impact on office buildings than industrial buildings".

Looking ahead, Ellis sound a note of caution about prospects for rental growth. They report renewed confidence in the London market spreading into a number of the least heavily over-officed provincial cities. But Ellis give warning against expecting rent growth "too early or too great". And their view that demand will outstrip supply of new City offices by early 1978 is tempered by acceptance of the principal elements of stockbrokers W. Greenwell's recent bearish case against a general boom in City rents. The agents make it clear that, while the long-term prospects for rental growth in prime space are underpinned by the growing shortage of such space, as Greenwell argued, older, secondary quality offices have no such rarity value.

Short of a general economic reversal, Ellis expect industrial rents for well-located space continuing to move steadily towards the £2 to £2.50 a sq ft range, and with overseas buyers bolstering retail sales in prestige shopping areas the agents see selective justification for initial yields on prime retail space some 1 per cent lower than on the best offices. As with agricultural land, the main brake on further institutional investment in the best shop properties remains the scarcity of suitable units.

John Brennan



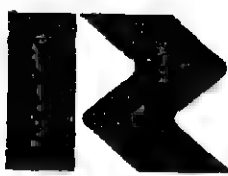
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ANOTHER RECORD YEAR

RESULTS FOR THE YEAR TO 31st MARCH, 1977

Turnover up 34% to £134 million.

Pre-tax profits up 27% to £3.27 million.

Attributable profits after tax, on capital as increased by rights issue, up 24%.

Earnings per share up at 6.3p and gross dividends up to 22.154%, following rights issue.

HARGREAVES GROUP

Commercial vehicle distribution; contracting and waste disposal; fertilisers; fuel oil and solid fuel; insurance; plant hire; quarrying; transport.

Copies of the Report and Accounts are available from The Secretary,
Bowcliffe Hall, Bramham, Wetherby, West Yorkshire LS23 6LP. Telephone: Boston Spa 843535

THE CHANGING CITY
A SPECIAL REPORT

This Jubilee Year has been the inspiration for most institutions to review the past 25 years, assess the present and to look ahead to the end of this century.

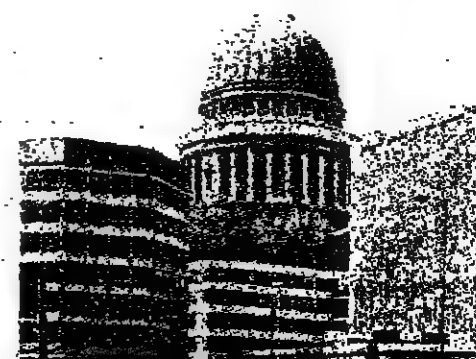
The City is no exception, and on September 20th The Times will be publishing a Special Report entitled "The Changing City" which will discuss the City as it is now and as it is likely to be 25 years hence.

The review of the present situation will include among other topics, banking, property development and the City's political and cultural environment.

The picture of the future will examine the likely role of the City and its institutions internationally, particularly in terms of Europe. It will look at the role of Government in City affairs, the extent of foreign investment and the architectural changes which may be expected. The City as a place to live and entertain in will be covered as will the likely employment policy of City firms in the years to come.

The report will be essential reading for all those concerned with the City and thus represents a superb opportunity for advertisers wishing to reach this group.

For further information contact Michael Knox-Wilson, The Times, P.O. Box 7, New Printing House Square, Gray's Inn Road, London, WC1X 8EZ. Telephone 01-437 1234, Ext. 7165.



ACCOUNT DAYS: Dealings Began, June 27. Dealings End, July 8. § Contango Day, July 11. Settlement Day, July 19
§ Forward bargains are permitted on two previous days

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